

VILLAGE OF DUNDEE
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

February 28, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF DUNDEE	County MONROE
Audit Date 2/28/05	Opinion Date 5/10/05	Date Accountant Report Submitted to State: 8/29/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

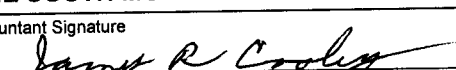
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON, CPAS, PLLC			
Street Address ONE SOUTH MONROE STREET	City MONROE	State MI	ZIP 48161
Accountant Signature 		Date 8/29/05	

VILLAGE OF DUNDEE

TABLE OF CONTENTS

February 28, 2005

Independent Auditor's Report	1-2
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	5-6
Management's Discussion and Analysis	7-15
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	16-17
Statement of Activities	18-19
Fund Financial Statements:	
Balance Sheet- Governmental Funds	20
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	23
Statement of Net Assets- Proprietary Funds	24-25
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27
Reconciliation of Operating Activities to Cash Provided by Operating Activities - Proprietary Funds	28
Statement of Assets and Liabilities- Agency Funds	29
Combined Statement of Net Assets - Component Units	30-31
Combined Statement of Activities- Component Units	32-33
Notes to the Basic Financial Statements	34-69
Required Supplemental Information:	
Budgetary Comparison Schedule- General Fund	70-71
Other Supplemental Information:	
Detailed Statement of Expenditures - Budget and Actual - General Fund	72-75
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual Industrial Park/Equipment Purchase	76
Nonmajor Governmental Funds:	
Combining Balance Sheet	77-78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	79-80

VILLAGE OF DUNDEE

TABLE OF CONTENTS - (Continued) February 28, 2005

Other Supplemental Information (Continued):

Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

Special Revenue Funds:

Municipal Street Fund	81
Major Street Fund	82
Local Street Fund	83
Parks and Recreation Fund	84
Historical Commission Fund	85
Building Department Fund	86

Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

Capital Improvements Funds:

Economic Development Corporation - Construction Fund	87
Sewer Separation and Street Rehabilitation	88

General Debt Service Funds:

1989 Special Assessment Street Improvement Bonds	89
1993 Special Assessment Bonds	90
1993 General Obligation Bonds	91
1993 Michigan Transportation Fund (MTF) Bonds	92
1994 Downtown Development Authority (LTGO) Bonds	93
1995 Installment Loan (MB & T)	94
1996 Michigan Transportation Fund (MTF) Bonds	95
1996 Special Assessment Bonds (Outer Drive Drainage)	96
1998 General Obligation Bonds	97
1998 Special Assessment Bonds (Stowell/Commerce)	98
1999 Special Assessment Bonds (Oak/Waterstradt)	99
1999 Installment Loan (MB & T)	100
2000 Special Assessment Bonds (Industrial Complex)	101
2000 Installment Loan (MB & T)	102
2001 Ford Installment Loan	103
2001 Special Assessment Bonds (Rawson Street)	104
2004 Installment Purchase (MB & T)	105
2004 Special Assessment Bonds (First Street)	106
2004 Promissory Note (MB&T Land Development Agreement)	107

Internal Service Funds - Unemployment Compensation:

Combining Statement of Net Assets	108
Combining Statement of Revenues, Expenses, and	
Changes in Net Assets	108
Combining Statement of Cash Flows	109

Fiduciary Funds:

Combining Statement of Assets and Liabilities	110
Combining Statement of Changes in Assets and Liabilities	
All Agency Funds	111-112

VILLAGE OF DUNDEE

TABLE OF CONTENTS - (Concluded) February 28, 2005

Other Supplemental Information (Concluded):

Component Units:

Downtown Development Authority:

Balance Sheet/Statement of Net Assets	113
Statement of Revenues, Expenditures, and Changes in Fund Balance/Net Assets	114

Local Development Finance Authority- Water Plant:

Balance Sheet/Statement of Net Assets	115
Statement of Revenues, Expenditures, and Changes in Fund Balance/Net Assets	116

Local Development Finance Authority - Global Engine Alliance:

Combining Balance Sheet/Statement of Net Assets	117
Combining Statement of Revenues, Expenditures and Changes in Fund Balance/Net Assets	118

Economic Development Corporation:

Combining Balance Sheet/Statement of Net Assets	119
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance/Net Assets	120

Brownfield Redevelopment Authority:

Balance Sheet/Statement of Net Assets	121
Statement of Revenues, Expenditures, and Changes in Fund Balance/Net Assets	122

Schedule of Expenditures of Federal Awards	123-124
--	---------

Notes to Schedule of Expenditures of Federal Awards	125
---	-----

Schedule of Findings and Questioned Costs	126
---	-----



**COOLEY HEHL
WOHLGAMUTH & CARLTON**
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA

One South Monroe Street • Monroe, Michigan 48161-2281
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Independent Auditor's Report

President and Village Council
Village of Dundee
Dundee, Michigan 48131

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dundee, Monroe County, Michigan, as of and for the year ended February 28, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dundee as of February 28, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2005, on our consideration of the Village of Dundee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Dundee, Monroe County, Michigan basic financial statements. The combining and individual nonmajor fund financial statements, as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

President and Village Council
Village of Dundee

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Village of Dundee. The combining and individual non major fund financial statement and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

As described in Note 1 the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of March 1, 2004.

Cooley Hohl
Whelan & Carlton

May 10, 2005



COOLEY HEHL
WOHLGAMUTH & CARLTON
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA

One South Monroe Street • Monroe, Michigan 48161-2281
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Independent Auditor's Report on Compliance and on
Internal Control Over Financial Reporting Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

President and Village Council
Village of Dundee
Dundee, Michigan 48131

We have audited the general purpose financial statements of the Village of Dundee as of and for the year ended February 28, 2005, and have issued our report thereon dated May 10, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Dundee's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Dundee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

President and Village Council
Village of Dundee

However, we have noted other matters involving the internal control over financial reporting that we have reported to the Management of the Village of Dundee, in a separate letter dated May 10, 2005.

This report is intended solely for the information of management, the Village Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cooley Hehl
Wohlgammauth & Carlton

May 10, 2005



COOLEY HEHL
WOHLGAMUTH & CARLTON
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA

One South Monroe Street • Monroe, Michigan 48161-2281
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control
Over Compliance in Accordance with OMB Circular A-133

President and Village Council
Village of Dundee
Dundee, Michigan 48131

Compliance

We have audited the compliance of the Village of Dundee with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended February 28, 2005. The Village of Dundee's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village of Dundee's management. Our responsibility is to express an opinion on the Village of Dundee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Dundee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village of Dundee's compliance with those requirements.

In our opinion, the Village of Dundee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended February 28, 2005.

President and Village Council
Village of Dundee

Internal Control Over Compliance

The management of the Village of Dundee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Dundee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information of management, the Village Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cooley Hehl
W. H. Gammuth & Carter

May 10, 2005

VILLAGE OF DUNDEE

MANAGEMENT DISCUSSION AND ANALYSIS Year Ended February 28, 2005

As management of the Village of Dundee, Monroe County, Michigan, we offer readers of the Village's financial statements this narrative overview and analysis of the governmental and business-type activities of the Village for the fiscal year ended February 28, 2005. This information should be taken into consideration before reading the Village's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consist of the financial statements and other supplementary information that presents all the Village's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds, and Component Units.

The Government Accounting Standards Board (GASB) adopted this report in *Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June, 2000. Because this was the year of implementation certain comparative information (that is normally required) was not available because the Village does not have the resources to restate prior year financial statements in order to get the data. GASB Statement No. 34 permits the omission of comparative information for the new reporting model in the year of implementation only; accordingly, the Village has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Financial Highlights

The assets of the Village exceeded its liabilities at the close of the most recent year by \$17,841,961 (net assets). Of this amount, \$2,981,591 (unrestricted net assets) may be used to meet the government's ongoing obligations to its' citizens and creditors.

The government's total net assets increased by \$6,504,663.

At the close of the year, the Village's governmental funds reported combined ending fund balances of \$4,461,100, an increase of \$1,189,908 in comparison with the prior year. Approximately 68 percent of this amount, or \$3,013,143, is available for spending at the government's discretion (unreserved fund balance).

At the end of the year, the unreserved fund balance for the general fund was \$1,870,198 or 198 percent of total general fund expenditures.

The Village's total bonded debt increased by \$11,269,227 during the year; \$12,147,492 of new debt was issued to provide more services and economic growth to the community.

Overview of the Financial Statements

This report is organized so that the reader can understand the Village of Dundee financially as a whole. This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves. Other supplementary information also includes combining balance sheets/statement of net assets and statement of revenues, expenditures and changes in fund balance/net assets for each of the Villages component units.

VILLAGE OF DUNDEE

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended February 28, 2005

Government-Wide Financial Statements

The Government - Wide Financial Statements (on pages 16,17,18, and 19), which appear first in the Villages' financial statements, report information on the Village as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets presents information on all the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. The Statement of Activities presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus the revenues and expenses are reported in this statement for some items that will only result in cash flows in the future periods (i.e., earned but unused vacation leave). The relationship between revenues and expenses indicates the Village's operating results. However, the Village's goal is to provide services and economic growth to our residents, not to generate profits as commercial entities do. One must consider many other non financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Village.

Both of the government-wide statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. These functions can be divided into three following categories:

Governmental activities - which encompass all the Village's services, including general government services, public safety, and public works. Property taxes, state grants, charges for services, and capital contributions finance most of these activities.

Business-type activities - which include sanitary sewer and water distribution operations.

Component units - which provide special types of financial arrangements that promote economic development and other activities in the community.

The government wide financial statements include not only the Village itself (known as the primary government), but also of legally separate authorities - the Downtown Development Authority, Local Development Finance Authorities #1 and #3, the Economic Development Corporation, and the Brown Field Development Authority - for which the Village is financially accountable. The individual component units are combined and presented separately from the primary government itself on pages 30,31,32,and 33.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law and by bond covenants. However the Village establishes most of its funds to control and manage money for particular purposes or to show that it is properly using revenues. All of the funds of the Village can be divided into four categories: Governmental funds, Proprietary funds, Fiduciary funds, and Component units.

VILLAGE OF DUNDEE

MANAGEMENT DISCUSSION AND ANALYSIS Year Ended February 28, 2005

Fund Financial Statements - Concluded

Governmental funds - All of the Village's governmental funds are used to account for the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. They are reported using the modified accrual method, which measures cash and all other financial assets that can be converted to cash. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided for the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances, on pages 21 and 23 respectively, to facilitate this comparison between governmental funds and governmental activities.

The Village maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, major street, local street, municipal highway, building department, parks and recreation, and capital funds. All of these governmental funds are considered to be and presented as major funds. All other remaining funds are reported as other governmental funds. Combining statements of non-major governmental are presented as other supplementary information.

The Village adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 20 and 22 of this report.

Proprietary fund - The Village maintains a proprietary fund to account for its sanitary sewer and water distribution operations(Enterprise Fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements present information on the Village's sewer and water operations as one major fund.

The basic proprietary fund financial statements can be found on pages 24 through 28 of this report.

Fiduciary funds - Agency funds are used to account for assets held by the Village as an agent for the collection and disbursement of property taxes and escrow accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The only basic fund financial statement required to be reported can be found on page 29 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 34 through 69 of this report.

VILLAGE OF DUNDEE

MANAGEMENT DISCUSSION AND ANALYSIS Year Ended February 28, 2005

Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides a long-term perspective of the Village's financial position. As indicated earlier and on Table 1 of the following page assets exceeded liabilities by \$17,841,961 at the close of the most recent year.

By far the largest portion of the Village's net assets (44.8 percent) reflects its investment in capital assets (land, buildings, systems, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

As also depicted in Table 1, the Village's unrestricted net assets totaled \$2,981,591. This amount represents the accumulated results of all past years operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay all of our bills off today, including all of our noncapital liabilities we could with our current resources. The operating results of the general fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this years's operations for the Village as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal year ended February 28, 2005.

VILLAGE OF DUNDEE

MANAGEMENT DISCUSSION AND ANALYSIS Year Ended February 28, 2005

Table 1:

Condensed Statement of Net Assets February 28, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets	\$ 6,160,457	\$ 1,080,147	\$ 7,240,604
Restricted assets	-	4,671,092	4,671,092
Capital and other noncurrent assets, net	<u>7,267,571</u>	<u>18,842,205</u>	<u>26,109,776</u>
Total Assets	<u>13,428,028</u>	<u>24,593,444</u>	<u>38,021,472</u>
Current and other liabilities	2,138,753	851,635	2,990,388
Long-term liabilities	<u>6,097,430</u>	<u>11,091,693</u>	<u>17,189,123</u>
Total Liabilities	<u>8,236,183</u>	<u>11,943,328</u>	<u>20,179,511</u>
Net Assets			
Invested in capital assets, net of related debt	722,864	7,270,512	7,993,376
Restricted for prepaid items	4,411	-	4,411
Restricted for fixed asset replacement	-	1,000	1,000
Restricted for streets and highways	761,093	-	761,093
Restricted for parks and recreation	1,556	-	1,556
Restricted for historical commission	4,020	-	4,020
Restricted for building department	96,764	-	96,764
Restricted for capital improvement	1,362,810	-	1,362,810
Restricted for debt service	360,248	4,275,092	4,635,340
Unrestricted	<u>1,878,079</u>	<u>1,103,512</u>	<u>2,981,591</u>
Total Net Assets	<u>\$5,191,845</u>	<u>\$12,650,116</u>	<u>\$17,841,961</u>

At the end of the year the Village is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net assets increased by \$6,504,663 during the calendar year ended. This increase is primarily attributable to several grants received from the State of Michigan regarding its Global Engine Alliance/Local Development Finance Authority Project.

As indicated in Table 2, the cost of all governmental activities this year was \$2.828 million. Of this amount \$.471 million was subsidized with revenue generated from charges for services with the remaining costs financed with general revenues. The cost of business-type activities was \$2.120 million.

The Village experienced an increase in net assets of governmental activities of \$3,521,121. However, a significant amount will have to be paid for installment loans. This factor will have a significant negative impact on the increase in net assets for governmental activities. The Village experienced an increase of business-type assets of \$2,983,542.

VILLAGE OF DUNDEE
MANAGEMENT DISCUSSION AND ANALYSIS
Year Ended February 28, 2005

Table 2:

Changes in Net Assets
Fiscal Year Ended February 28, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues			
Program revenues:			
Charges for services	\$ 471,482	\$1,545,066	\$ 2,016,548
Operating and capital grants and contributions	<u>5,954,394</u> 6,425,876	<u>922,248</u> 2,467,314	<u>6,876,642</u> 8,893,190
General revenues:			
Property taxes	1,440,487	112,786	1,553,273
State grants (revenue sharing)	294,791	-	294,791
Other	<u>148,497</u>	<u>300,033</u>	<u>448,530</u>
	<u>1,883,775</u>	<u>412,819</u>	<u>2,296,594</u>
Total Revenues	8,309,651	2,880,133	11,189,784
Function/Program Expenses			
Legislative	22,480	-	22,480
General government	287,785	-	287,785
Public safety	662,430	-	662,430
Public works	485,024	-	485,024
Culture and recreation	235,001	-	235,001
Capital improvements	845,696	-	845,696
Insurance	14,106	-	14,106
Interest on long-term debt	275,621	-	275,621
Water department	-	1,132,749	1,132,749
Sewer department	<u>-</u>	<u>987,403</u>	<u>987,403</u>
Total Expenses	<u>2,828,143</u>	<u>2,120,152</u>	<u>4,948,295</u>
Increase in Net Assets Before Transfers	5,481,508	759,981	6,241,489
Transfers	<u>(1,960,387)</u>	<u>2,223,561</u>	<u>263,174</u>
Increase in Net Assets	<u>\$3,521,121</u>	<u>\$2,983,542</u>	<u>\$6,504,663</u>

Fund Financial Analysis

As noted earlier, the Village uses funds to help control and manage money for specific purposes. Looking at funds helps the reader consider whether the Village of Dundee's Management is being held accountable for resources taxpayers and others provide to it and may give more insight into the Village's overall financial health.

VILLAGE OF DUNDEE

MANAGEMENT DISCUSSION AND ANALYSIS Year Ended February 28, 2005

Fund Financial Analysis - Concluded

As the Village completed the latest fiscal year, governmental funds reported a combined balance of \$4,461,100 million, which is an increase of \$1,189,908 from last year. The changes by fund are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Retirement Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Fund balances - Beginning of year	\$1,598,086	\$737,160	\$369,631	\$ 566,315	\$3,271,192
Increase (decrease)	<u>276,523</u>	<u>126,273</u>	<u>(9,383)</u>	<u>796,495</u>	<u>1,189,908</u>
Fund balances End of year	<u>\$1,874,609</u>	<u>\$863,433</u>	<u>\$360,248</u>	<u>\$1,362,810</u>	<u>\$4,461,100</u>

The Village's General Fund Balance increase is comparable to the prior year due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund.

	<u>February 28, 2005</u>	<u>February 29, 2004</u>	<u>Percent Change</u>
Revenues			
Property taxes	\$1,006,053	\$ 943,966	6.58
Licenses and permits	54,276	36,226	49.83
State revenue sharing	294,791	316,403	(6.83)
Interest and rentals	100,248	84,515	18.62
Other	<u>12,801</u>	<u>24,167</u>	(47.03)
Total Revenues	<u>\$1,468,169</u>	<u>\$1,405,277</u>	<u>4.48</u>
Expenditures			
Legislative	\$ 22,480	\$ 18,453	21.82
General government	224,243	228,051	(1.67)
Public safety	328,091	298,571	9.89
Public works	223,728	160,901	39.05
Culture and recreation	129,576	94,609	36.96
Insurance	<u>14,106</u>	<u>17,106</u>	(17.54)
Total Expenditures	<u>\$942,224</u>	<u>\$818,291</u>	<u>15.15</u>

VILLAGE OF DUNDEE

MANAGEMENT DISCUSSION AND ANALYSIS Year Ended February 28, 2005

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Village of Dundee Council to adopt the original budget prior to March 1, the start of the fiscal year. Over the course of the year the village reviewed its budget and but did amend or revise it for any unexpected changes in revenues or expenditures. State law requires that the budget be amended to ensure that the expenditures do not exceed appropriations. A schedule illustrating the Village's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these statements.

Long-term Contract, Capital Assets and Debt Administration

As of February 28, 2005, the Township had \$4.985 million invested in a long term contract with Global Engine and \$26 million invested in a broad range of capital assets, including land, building and improvements, machinery and equipment, vehicles, as well as water and sewer systems. The Village had construction in process of \$3.65 million related to its sewer plant expansion project for which the total cost of completion is expected to exceed \$9,000,000. Other additions which totaled \$5.60 million included a \$3,268,000 land purchase under a development agreement. Also included was \$2.286 million for industrial park improvements which was spent on electrical upgrades, roads, drains, and storm sewers. \$12,147,492 of new debt was issued for these additions. Depreciation this year totaled \$127,355 for governmental activities and \$550,161 for business-type activities. Details regarding capital assets is included in Note 10 to the financial statements.

Debt

At February 28, 2005, the Village's debt consisted mainly of contracts and general obligation for water and sewage disposal system construction. Total debt outstanding was \$36,150,948 as of February 28, 2005. The repayment of debt will be financed partially by tax increment financing and special assessments administered through the Village's Tax Collection Agency Fund which collects special assessments for the Village's Debt Service Funds. A detail summary of changes in long-term debt is located in Note 12 to the financial statements. A detail summary of tax increment financing is located in Note 8 to the financial statements.

Development of the 2005 Fiscal Year Budget

Our elected officials considered many factors when setting the Village's 2005 fiscal year budget. Based primarily on the last fiscal year's spending patterns, thought is also given to factors affecting the budget, like decreased revenue as a result of reduced millage rates. The Village has taken several measures to help control the rising costs of governmental services. The Village reviewed and obtained lower insurance rates for its fleet of vehicles currently in use controlling the rising cost of liability insurance. We will continue to watch our budget closely as we continue to upgrade our development programs and roads using money received from property taxes.

Economic Factors

During the 2004 - 2005 fiscal year, the Village started new bank accounts designated for grant money, bond issues, and special assessments received to account for money spent on construction and debt service. As the Village continues to undergo new development it will collect water and sewer connection fees to be applied against its outstanding debt in the water and sewer fund. The Village has also hired an engineer to oversee all of the new development currently in progress within the Village. It is currently expected that residential development will continue.

VILLAGE OF DUNDEE

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended February 28, 2005

Contacting the Village of Dundee

This financial report is designed to provide the Village's citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances to demonstrate its accountability for the money it receives. If you have any questions about this report or any other information, contact the Village of Dundee Finance Director, 145 Riley Street, Dundee, MI 48131. Our phone number is (734) 529-3430.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF DUNDEE
STATEMENT OF NET ASSETS
February 28, 2005

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Current assets				
Cash and money management accounts	\$3,803,881	\$796,336	\$4,600,217	\$2,832,339
Recievables:				
Delinquent taxes	142,861	8,556	151,417	0
Accounts	3,214	332,889	336,103	0
Special assessments	942,948	0	942,948	0
Internal balances	9,337	(67,594)	(58,257)	58,257
Due from other governmental units	1,253,805	0	1,253,805	655,534
Prepaid expenses	4,411	9,960	14,371	0
Total current assets	6,160,457	1,080,147	7,240,604	3,546,130
Restricted assets				
Cash and money management accounts	0	540,740	540,740	247,168
Cash with fiscal agent	0	4,004,298	4,004,298	0
Bond issuance costs (net of amortization)	0	126,054	126,054	85,500
Total restricted assets	0	4,671,092	4,671,092	332,668
Noncurrent assets				
Capital assets:				
Nondepreciated	4,773,018	4,305,000	9,078,018	4,984,568
Depreciated, net	2,494,553	14,537,205	17,031,758	11,504,466
Total capital assets	7,267,571	18,842,205	26,109,776	16,489,034
Total assets	13,428,028	24,593,444	38,021,472	20,367,832
LIABILITIES				
Current liabilities				
Accounts payable	722,326	155,971	878,297	0
Accrued wages	33,944	8,029	41,973	0
Accrued interest	67,367	171,967	239,334	0
Other liabilities	26,000	17,005	43,005	0
Accrued compensated absences	44,880	18,663	63,543	0
Deferred revenue	864,326	0	864,326	0
Due to other governments	0	0	0	0
Current portion of long term debt				
net of related discount	379,910	480,000	859,910	60,000
Total noncurrent liabilities	2,138,753	851,635	2,990,388	60,000
Noncurrent liabilities				
Bonds payable (net of related discount)	6,097,430	11,091,693	17,189,123	17,869,665
Total liabilities	8,236,183	11,943,328	20,179,511	17,929,665

See accompanying notes to the basic financial statements

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
NET ASSETS				
Invested in capital assets net of related debt	\$722,864	\$7,270,512	\$7,993,376	(\$1,471,031)
Restricted for:				
Prepaid items	4,411	0	4,411	0
Fixed asset replacement	0	1,000	1,000	0
Streets and highways	761,093	0	761,093	0
Parks and recreation	1,556	0	1,556	0
Historical commission	4,020	0	4,020	0
Building department	96,764	0	96,764	0
Capital improvements	1,362,810	0	1,362,810	0
Debt service	360,248	4,275,092	4,635,340	622,381
Unrestricted	1,878,079	1,103,512	2,981,591	3,286,817
 Total net assets	<u>\$5,191,845</u>	<u>\$12,650,116</u>	<u>\$17,841,961</u>	<u>\$2,438,167</u>

VILLAGE OF DUNDEE

STATEMENT OF ACTIVITIES For the Year Ended February 28, 2005

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
Legislative	\$22,480	\$0	\$0	\$0
General government	287,785	281,610	0	0
Public safety	662,430	9,249	0	0
Public works	485,024	5,361	436,715	0
Culture and recreation	235,001	0	0	0
Capital improvements (contributions)	845,696	0	0	5,517,679
Insurance	14,106	0	0	0
Interest on long-term debt	275,621	175,262	0	0
Total governmental activities	<u>2,828,143</u>	<u>471,482</u>	<u>436,715</u>	<u>5,517,679</u>
Business-type activities				
Water Department	1,132,749	807,355	0	250,121
Sewage Department	987,403	737,711	0	672,127
Total business-type activities	<u>2,120,152</u>	<u>1,545,066</u>	<u>0</u>	<u>922,248</u>
Total primary government	<u>\$4,948,295</u>	<u>\$2,016,548</u>	<u>\$436,715</u>	<u>\$6,439,927</u>
Component units				
Downtown Development Authority	\$57,257	\$0	\$0	\$0
LDFA - Water Plant	6,450	0	0	0
LDFA - Global Engine	209,334	0	0	0
Economic Development - Cabelas	628,059	0	0	0
Brownfield Redevelopment	21,578	0	0	0
Total Component Units	<u>\$922,678</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General revenues				
Taxes:				
Property taxes				
State revenue sharing				
Tap Fees				
Interest and rentals				
Other				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, March 1, 2004 (as restated at Note 4)				
Net assets, February 28, 2005				

See accompanying notes to the basic financial statements

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		Total	Component Units
Governmental Activities	Business-type Activities		
(\$22,480)	\$0	(\$22,480)	\$0
(6,175)	0	(6,175)	0
(653,181)	0	(653,181)	0
(42,948)	0	(42,948)	0
(235,001)	0	(235,001)	0
4,671,983	0	4,671,983	0
(14,106)	0	(14,106)	0
(100,359)	0	(100,359)	0
<u>3,597,733</u>	<u>0</u>	<u>3,597,733</u>	<u>0</u>
0	(75,273)	(75,273)	0
<u>0</u>	<u>422,435</u>	<u>422,435</u>	<u>0</u>
<u>0</u>	<u>347,162</u>	<u>347,162</u>	<u>0</u>
<u>3,597,733</u>	<u>347,162</u>	<u>3,944,895</u>	<u>0</u>
0	0	0	(57,257)
0	0	0	(6,450)
0	0	0	(209,334)
0	0	0	(628,059)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(21,578)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(922,678)</u>
1,440,487	112,786	1,553,273	973,233
294,791	0	294,791	0
0	256,496	256,496	0
117,288	43,537	160,825	17,719
31,209	0	31,209	27,746
<u>(1,960,387)</u>	<u>2,223,561</u>	<u>263,174</u>	<u>(263,174)</u>
<u>(76,612)</u>	<u>2,636,380</u>	<u>2,559,768</u>	<u>755,524</u>
3,521,121	2,983,542	6,504,663	(167,154)
1,670,724	9,666,574	11,337,298	2,605,321
<u>\$5,191,845</u>	<u>\$12,650,116</u>	<u>\$17,841,961</u>	<u>\$2,438,167</u>

FUND FINANCIAL STATEMENTS

VILLAGE OF DUNDEE

BALANCE SHEET GOVERNMENTAL FUNDS

February 28, 2005

	General Fund	Industrial Park/ Equipment Purchase	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and money management accounts	\$1,785,708	\$666,381	\$1,299,031	\$3,751,120
Receivables:				
Accounts	0	0	3,214	3,214
Delinquent taxes	77,301	0	65,560	142,861
Special assessments	0	0	942,948	942,948
Due from other funds	71,668	10,000	13,786	95,454
Due from other governmental units	52,318	1,182,584	0	1,234,902
Prepaid expenses	4,411	0	0	4,411
Total Assets	<u>\$1,991,406</u>	<u>\$1,858,965</u>	<u>\$2,324,539</u>	<u>\$6,174,910</u>
Liabilities				
Accounts payable/retainage	\$84,271	\$596,119	\$41,936	\$722,326
Accrued wages	5,787	0	28,157	33,944
Due to other funds	36	0	67,178	67,214
Other liabilities	26,000	0	0	26,000
Deferred revenues	703	40,485	823,138	864,326
Total Liabilities	116,797	636,604	960,409	1,713,810
Fund Balance				
Reserved for capital improvements	0	942,849	140,449	1,083,298
Reserved for prepaid items	4,411	0	0	4,411
Reserved for debt service	0	0	360,248	360,248
Unreserved:				
Undesignated, reported in:				
General fund	1,870,198	0	0	1,870,198
Special revenue funds	0	0	863,433	863,433
Capital improvement funds	0	279,512	0	279,512
Total Fund Balances	<u>1,874,609</u>	<u>1,222,361</u>	<u>1,364,130</u>	<u>4,461,100</u>
Total Liabilities and Fund Balances	<u>\$1,991,406</u>	<u>\$1,858,965</u>	<u>\$2,324,539</u>	<u>\$6,174,910</u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

February 28, 2005

Total Governmental Fund Balance			\$4,461,100
Amounts reported for governmental activities in the statement of net assets are different because:			
Internal Service Funds are used by the Village of Dundee to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with the governmental activities in the statement of net assets.			
Total internal service fund net assets			52,761
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds			
Governmental noncurrent assets		\$8,446,515	
Less accumulated depreciation		<u>(1,178,944)</u>	7,267,571
Long-term liabilities including accrued compensated absences and long-term general obligations are not due and payable in the current year and therefore are not reported in the governmental funds.			
			(6,522,220)
Interest amounts on long term liabilities are not payable until due in the funds			
			<u>(67,367)</u>
Total Net Assets of Governmental Activities			<u><u>\$5,191,845</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

February 28, 2005

	General Fund	Industrial Park/ Equipment Purchase	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$1,006,053	\$0	\$434,434	\$1,440,487
Special assessments	0	0	175,262	175,262
Licenses and permits	54,276	0	227,334	281,610
Federal grants	0	5,517,679	0	5,517,679
State grants	294,791	203,877	232,838	731,506
Fines and forfeits	9,249	0	0	9,249
Interest and rentals	100,248	4,051	76,268	180,567
Program income	0	0	5,361	5,361
Other revenues	3,552	0	27,657	31,209
Total Revenues	1,468,169	5,725,607	1,179,154	8,372,930
Expenditures:				
Legislative	22,480	0	0	22,480
General government	224,243	0	0	224,243
Public safety	328,091	0	323,661	651,752
Public works	223,728	0	288,433	512,161
Culture and recreation	129,576	0	80,523	210,099
Capital outlay	0	6,449,951	0	6,449,951
Insurance	14,106	0	0	14,106
Debt service	0	0	660,335	660,335
Total Expenditures	942,224	6,449,951	1,352,952	8,745,127
Excess (Deficiency) of Revenues over Expenditures	525,945	(724,344)	(173,798)	(372,197)
Other Financing Sources (Uses):				
Proceeds from bonds	0	3,522,492	0	3,522,492
Operating transfers in	5,000	23,300	606,349	634,649
Operating transfers (out)	(254,422)	(2,044,231)	(296,383)	(2,595,036)
Total Other Financing Sources (Uses)	(249,422)	1,501,561	309,966	1,562,105
Net Change in Fund Balances	276,523	777,217	136,168	1,189,908
Fund Balances - Beginning of Year	1,598,086	445,144	1,227,962	3,271,192
Fund Balances - End of Year	\$1,874,609	\$1,222,361	\$1,364,130	\$4,461,100

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS

February 28, 2005

Net Change in Fund Balances - total governmental funds		\$1,189,908
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives or shown as a capital contribution to the water and sewage disposal departments:		
Expenditures for capital assets	\$5,604,255	
Less current year depreciation	<u>(127,355)</u>	5,476,900
Accrued Interest payable is recorded when due in the governmental activities in the statement of activities.		(23,551)
Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year.		(8,546)
Repayment of bond principal is and expenditure in the governmental funds, but the repayment of bonds reduces long-term liabilities in the Statement of Net Assets.		408,265
Bond proceeds are not reported as other financing sources on the statement of activities		(3,522,492)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds is reported with the governmental activities.		<u>637</u>
Change in Net Assets of Governmental Activities		<u><u>\$3,521,121</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

STATEMENT OF NET ASSETS

February 28, 2005

Assets

Current Assets:

Cash and money management accounts

Receivables - accounts

- taxes

Due from other funds

Prepaid expenses

Total Current Assets

Restricted assets:

Cash and money management accounts

Cash with fiscal agent

Bond issuance costs (net of amortization)

Total Restricted Assets

Noncurrent assets

Land and buildings

Machinery and equipment

Construction in progress

Less: accumulated depreciation

Net Fixed Assets

Total Assets

See accompanying notes to the basic financial statements

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
Liabilities		
Current Liabilities (payable from current assets):		
Accounts payable	\$155,971	\$0
Accrued payroll	8,029	0
Due to other funds	85,603	0
Other liabilities	17,005	0
Accrued interest	171,967	0
Accrued compensated absences	18,663	0
Current portion state revolving fund-sewer	85,000	0
Total Current Liabilities (payable from current assets)	542,238	0
Current Liabilities (payable from restricted assets):		
Current portion of contract payable - sewer	180,000	0
Current portion of bonds payable - water/sewer	15,000	0
Current portion of bonds payable - water/sewer	10,000	0
Current portion of contract payable - water	120,000	0
Current portion of bonds payable - water/sewer	10,000	0
Current portion of contract payable - water	60,000	0
Total Current Liabilities (payable from restricted assets)	395,000	0
Long-Term Liabilities (payable from current assets):		
State revolving fund loan - sewer	825,000	0
Total Long-term Liabilities (payable from current assets)	825,000	0
Long-Term Liabilities (payable from restricted assets):		
Contract payable - sewer (net of \$48,125 discount)	4,951,875	0
Contract payable - sewer (net of \$1,932 discount)	758,068	0
Bonds payable - water/sewer	130,000	0
Contract payable - water (with \$1,756 premium)	826,756	0
Bonds payable - water/sewer (net of \$489 discount)	54,511	0
Bonds payable - sewer	285,000	0
Contract payable - water(net of \$29,517 discount)	3,260,483	0
Total Long-term Liabilities (payable from restricted assets)	10,266,693	0
Total Liabilities	12,028,931	0
Net Assets		
Invested in Capital Assets Net of Related Debt	7,270,512	0
Restricted for: Replacement fund	1,000	0
Restricted for debt retirement and construction	4,275,092	0
Unrestricted	1,103,512	52,761
Total Net Assets	12,650,116	52,761
Total Liabilities and Net Assets	\$24,679,047	\$52,761

VILLAGE OF DUNDEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS For the Fiscal Year Ended February 28, 2005

	Business-type Activities			Governmental Activities
	Enterprise Fund			Internal Service Funds
	Water Department	Sewer Department	Totals	
Operating Revenues:				
Charges for services	\$798,231	\$720,355	\$1,518,586	\$0
Hydrant rental	4,258	0	4,258	0
Penalties	4,866	6,906	11,772	0
Other revenue	0	10,450	10,450	0
Total Operating Revenues	807,355	737,711	1,545,066	0
Operating Expenses:				
Operating and maintenance wages	123,364	153,860	277,224	0
Clerical salaries	28,585	28,585	57,170	0
Employee benefits	41,669	62,978	104,647	0
Training	1,531	2,284	3,815	0
Utilities and telephone	21,657	68,227	89,884	0
Water supply and system maintenance	384,125	50,857	434,982	0
Chemicals	0	14,558	14,558	0
Laboratory supplies	6,429	17,992	24,421	0
Insurance	20,875	20,414	41,289	0
Office supplies	870	2,519	3,389	0
Professional services	2,600	2,600	5,200	0
Depreciation and amortization	307,600	257,147	564,747	0
Miscellaneous expense	2,744	2,184	4,928	0
Engineering fees	2,882	1,898	4,780	0
Vacation and sick pay	(6,093)	(264)	(6,357)	0
Sanitation	504	35,441	35,945	0
Total Operating Expenses	939,342	721,280	1,660,622	0
Net Operating Income (loss)	(131,987)	16,431	(115,556)	0
Non-Operating Revenues (Expenses):				
Tap fees	115,596	140,900	256,496	0
Current taxes	0	112,786	112,786	0
Interest income	0	43,537	43,537	637
Interest and fiscal charges	(193,407)	(266,123)	(459,530)	0
Total Non-Operating Revenues (Expenses)	(77,811)	31,100	(46,711)	637
Income (loss) before contributions and transfers	(209,798)	47,531	(162,267)	637
Contributions	250,121	672,127	922,248	0
Transfers from other funds	0	2,223,561	2,223,561	0
Change in net assets	\$40,323	\$2,943,219	2,983,542	637
Total Net Assets - Beginning of Year (as restated)			9,666,574	52,124
Total Net Assets - End of Year			\$12,650,116	\$52,761

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Fiscal Year Ended February 28, 2005

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
Cash Flows From Operating Activities		
Cash received from customers	\$1,510,796	\$0
Cash paid to suppliers	(1,069,978)	0
Cash paid to employees	(443,883)	0
Net cash provided by operating activities	(3,065)	0
Cash Flows From Noncapital Financing Activities		
Transfer from other funds	2,223,561	0
Net Cash Provided (Used) for Noncapital Financing Activities	2,223,561	0
Cash Flows From Capital and Related Financing Activities		
Tap fees	256,496	0
Current taxes levied for debt	112,786	0
Acquisition and construction of capital assets - net of disposals	(3,682,722)	0
Proceeds from the sale of bonds	4,950,000	0
Principal paid on refunding bonds	(185,000)	0
Principal paid on contract payable	(205,000)	0
Bond issuance costs	(80,585)	0
Principal paid on state revolving fund - sewer	(80,000)	0
Interest paid on revenue bonds and contract payable	(392,522)	0
Contributions	922,248	0
Net cash provided (used) by capital and related financing activities	1,615,701	0
Cash Flows From Investing Activities		
Interest earned on cash investments	43,537	637
Net increase in cash and cash equivalents	3,879,734	637
Cash and cash equivalents at beginning of year	1,461,640	52,124
Cash and cash equivalents at end of year	<u>\$5,341,374</u>	<u>\$52,761</u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

**RECONCILIATION OF OPERATING ACTIVITIES TO CASH PROVIDED BY OPERATING ACTIVITIES
PROPRIETARY FUNDS**

For the Fiscal Year Ended February 28, 2005

	Business-type Activities <u>Enterprise Fund</u>	Governmental Activities <u>Internal Service Funds</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	(\$115,556)	\$0
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	564,747	0
(Increase) decrease in Assets		
Receivables	(34,270)	0
Due from other funds	(15,160)	0
Prepaid expenses	(690)	0
Increase (Decrease) in Liabilities		
Accounts payable	(244,729)	0
Accrued payroll	(4,842)	0
Due to other funds	(144,916)	0
Other liabilities	(7,649)	0
Total Adjustments	<u>112,491</u>	<u>0</u>
Net cash provided by operating activities	<u><u>(\$3,065)</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

**STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
February 28, 2005**

	<u>Agency Funds</u>
ASSETS	
Cash and money management accounts	\$26,105
Due from other funds	<u>37</u>
Total Assets	<u><u>\$26,142</u></u>
LIABILITIES	
Due to other funds	\$18,939
Other liabilities	<u>7,203</u>
Total Liabilities	<u><u>\$26,142</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

COMPONENT UNITS COMBINED STATEMENT OF NET ASSETS February 28, 2005

	Downtown Development Authority	LDFA Water Plant	LDFA Global Alliance	Economic Development
Assets				
Cash and money management accounts	\$337,845	\$456,412	\$1,812,849	\$119,081
Internal balances	0	0	58,257	0
Due from other governmental units	232,222	180,896	44,450	130,970
Restricted cash	0	0	32,223	214,945
Bond issuance costs, net of amortization	0	0	85,500	0
Capital assets, net of accumulated depreciation	0	0	4,984,568	11,504,466
 Total Assets	 <u>\$570,067</u>	 <u>\$637,308</u>	 <u>\$7,017,847</u>	 <u>\$11,969,462</u>
 Liabilities				
Noncurrent liabilities:				
Due within one year	\$0	\$0	\$60,000	\$0
Due in more than one year	0	0	5,534,600	12,335,065
 Total Liabilities	 <u>0</u>	 <u>0</u>	 <u>5,594,600</u>	 <u>12,335,065</u>
 Net assets				
Invested in capital assets, net of related debt	0	0	(640,432)	(830,599)
Restricted	0	0	103,318	345,915
Unrestricted	570,067	637,308	1,960,361	119,081
 Total Net Assets(Deficit)	 <u>570,067</u>	 <u>637,308</u>	 <u>1,423,247</u>	 <u>(365,603)</u>
 Total Liabilities and Net Assets	 <u>\$570,067</u>	 <u>\$637,308</u>	 <u>\$7,017,847</u>	 <u>\$11,969,462</u>

See accompanying notes to the basic financial statements

Brownfield Redevelopment	Total
\$106,152	\$2,832,339
0	58,257
66,996	655,534
0	247,168
0	85,500
0	16,489,034
<u>\$173,148</u>	<u>\$20,367,832</u>

\$0	\$60,000
0	17,869,665
<u>0</u>	<u>17,929,665</u>

0	(1,471,031)
173,148	622,381
0	3,286,817
<u>173,148</u>	<u>2,438,167</u>
<u>\$173,148</u>	<u>\$20,367,832</u>

VILLAGE OF DUNDEE

COMPONENT UNITS COMBINED STATEMENT OF ACTIVITIES Year Ended February 28, 2005

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority				
Public Works	\$57,257	\$0	\$0	\$0
LDFA - Water Plant				
Public Works	6,450	0	0	0
LDFA - Global Alliance				
Interest on long term debt	209,334	0	0	0
Economic Development Corporation				
Public Works	291,175	0	0	0
Interest on long term debt	336,884	0	0	0
Total	<u>628,059</u>	<u>0</u>	<u>0</u>	<u>0</u>
Brownfield Redevelopment Corporation				
Public Works	<u>21,578</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total component units	<u>\$922,678</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

General revenues:
Property taxes
Interest
Self help monies
Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

Downtown Development Authority	LDFA Water Plant	LDFA Global Alliance	Economic Development	Brownfield Redevelopment	Total
(\$57,257)	\$0	\$0	\$0	\$0	(\$57,257)
0	(6,450)	0	0	0	(6,450)
0	0	(209,334)	0	0	(209,334)
0	0	0	(291,175)	0	0
0	0	0	(336,884)	0	0
0	0	0	(628,059)	0	(628,059)
0	0	0	0	(21,578)	(21,578)
(57,257)	(6,450)	(209,334)	(628,059)	(21,578)	(865,421)
332,070	299,687	107,769	130,969	102,738	973,233
1,934	5,620	7,582	2,321	262	17,719
0	0	27,746	0	0	27,746
(164,381)	(307,122)	0	208,329	0	(263,174)
169,623	(1,815)	143,097	341,619	103,000	755,524
112,366	(8,265)	(66,237)	(286,440)	81,422	(167,154)
457,701	645,573	1,489,484	(79,163)	91,726	2,605,321
<u>\$570,067</u>	<u>\$637,308</u>	<u>\$1,423,247</u>	<u>(\$365,603)</u>	<u>\$173,148</u>	<u>\$2,438,167</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 1 Description of the Village and Reporting Entity

The Village of Dundee is governed by a locally elected president and five member Council. The Village provides the following services: public works, public safety (police service), road construction, cemetery care, public improvements, planning and zoning, construction code inspections, water and sewer, economic development and general administrative services.

Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Financial Reporting Entity*", these financial statements present the Village of Dundee (the primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes fiscal dependency and whether the financial statements would be misleading if the data were not included. The individual component units discussed below are included in the Village's reporting entity based on the nature of their operational or financial relationship to the Village.

Discretely Presented Component Units

The following component units are reported within the component units column in the combined financial statements. They are reported in a separate column to emphasize that they are legally separate from the Village. More detailed information on each component unit is disclosed in the other supplemental information section.

Downtown Development Authority

The Downtown Development Authority (DDA) is a legally separate entity created by the Village for the purpose of financing improvements to the downtown area funded by the Tax Incremental Financing Authority tax capture collections.

Local Development Finance Authority-Water Plant

The Local Development Finance Authority-Water Plant was created to account for the tax monies captured by the increase in property values of the Village Industrial Park which will be used to repay debt and finance other projects as determined by the Local Development Finance Authority Board of Directors.

Local Development Finance Authority-Global Engine Alliance

The Local Development Finance Authority-Global Engine Alliance was created to account for the tax monies captured by the increase in property values of the Global Engine Project Area which will be used to repay the debt issued to finance this project.

Economic Development Corporation

The Economic Development Corporation was created to encourage economic development within the Village.

Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority was created to assist in financing the clean-up and development of a Brownfield area by the use of the Tax Incremental Financing Authority tax capture collections.

Note 2 Summary of Significant Accounting Policies

The financial statements of the Village of Dundee have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Village also applies Financial Accounting Standards (FASB) statements and interpretations issued on or before November 30, 1989, to its Governmental activities provided they do not conflict with or contradict GASB pronouncements.

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 2 Summary of Significant Accounting Policies (Continued)

The following are more significant of the Village's accounting policies.

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement activities) report information on all of the non-fiduciary activities of the primary government. As of a general rule, the effect of interfund activity has been removed from these statements. Governmental activities which normally are supported by general government revenues (i.e., property taxes, revenue sharing, fines, permits, and charges) and intergovernmental revenues are reported separately from business-type activities which rely, to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by the related program revenues, operating and capital grants. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* must be directly associated with the function or business-type activity. Program revenues include 1) fines and forfeitures, licenses and permits fees, special assessments, and charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financials statements are provided for governmental funds and proprietary funds. Major governmental funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (statement of net assets and statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments, are recorded only when payment is due.

On the governmental funds statements charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. While the previous model emphasized Fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the Village as a whole or major individual funds (within the individual fund financial statements). Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental or business-type activities.

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 2 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The Village reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Industrial Park and Equipment Purchase Fund

The Industrial Park and Equipment Purchase Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities and equipment.

The Village reports the following major proprietary fund:

Enterprise Funds

The Enterprise Fund is used to account for the operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water and Sewage Disposal Fund is the only Enterprise Fund in this report.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the water and sewage disposal fund are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, amortization, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Village reports the following nonmajor governmental funds:

Special Revenue Funds

Municipal Street Funds, Major Street Fund, Local Street Fund, Parks and Recreation Fund, Historical Commission Fund, and Building Department Fund.

Capital Improvement Funds

Economic Development Fund and Sewer Separation and Street Rehabilitation Fund.

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 2 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

Debt Service Funds

1989 Special Assessment Fund, 1993 Special Assessment Fund, 1993 General Obligation Fund, 1993 Michigan Transportation Fund, 1994 Downtown Development Authority (LTGO) Bond Fund, 1995 Installment Fund, 1996 Michigan Transportation Fund, 1996 Special Assessment Fund, 1998 General Obligation Fund, 1998 Special Assessment Fund, 1999 Special Assessment Fund, 1999 Installment Fund, 2000 Special Assessment Fund, 2000 Installment Fund, 2001 Installment Fund, 2001 Special Assessment Fund, 2004 Installment Purchase Fund, 2004 Special Assessment Fund, and 2004 Promissory Note Fund.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Additionally, the Village reports the following fund types:

Agency Funds

Agency Funds are used to account for assets held by the Village as an agent for individuals, private organizations, other governments, and/or other funds. These funds are reported in the fund financial statements only because they do not report resources under the control of the Village. The fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Village to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

D. Assets, Liabilities, and Net Assets

Cash and Cash Equivalents

For purposes of the statement of cash flows for the Proprietary Funds, cash and cash equivalents include cash and money management accounts, restricted cash and money management accounts, cash with fiscal agent, and petty cash.

There were no investing, capital, or financing activities that affected recognized assets or liabilities that had a result in cash receipts or payments in the Proprietary Funds cash flows statements.

Due From Other Governments

Amounts due from other governments include amounts due from grantors for specific program and capital projects. Program grants and capital grants for fixed assets are recorded as receivables and revenues at the time the reimbursable project costs are incurred. Revenues received in advance of the project costs being incurred are recorded as deferred revenues.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Additionally, the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 2 Summary of Significant Accounting Policies(Continued)

D. Assets, Liabilities, and Net Assets (Continued)

Restricted Assets

Restricted assets in the Enterprise Fund and the Component Units consist of amounts restricted for debt retirement or construction.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of at least \$5,000 and an estimated useful life in excess of two years. These assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of the normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phases of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, no interest was capitalized.

Infrastructure assets acquired prior to March 1, 2004, except for the EDC infrastructure assets, have not been capitalized and are omitted from the Statement of Net Assets.

Depreciation of all exhaustible capital assets used by the Village is charged as an expense against its various functions. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

	<u>Years</u>
Land improvements	15-33
Infrastructure (Streets, bridges, and ramps)	20-50
Building and building improvements	10-33
Police vehicles	3- 5
DPW vehicles	5-20
Public safety equipment	5-20
Village office equipment	5-10
Water and sewer equipment	5-33
Water and sewer lines/systems	33-100

Works of Art, Historical Treasures, and Similar Assets

The Village has several historical artifacts and works of art that are presented for public exhibition, protected, kept unencumbered, cared for, and preserved by its Historical Commission. Village policy requires the proceeds from sales of collection items to be used to acquire other items for collections.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "due to/from other funds". These amounts are eliminated in the governmental activities column of the statement of net assets. Any residual balances outstanding between the governmental activities, the business-type activities, and the component units are reported in the government-wide financial statements as "internal balances".

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 2 Summary of Significant Accounting Policies(Concluded)

D. Assets, Liabilities, and Net Assets (Concluded)

Accrued Liabilities and Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long term debt, notes, and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or component unit statement of net assets.

In general, payables and accrued liabilities that once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds, are recognized as an expenditure on the governmental fund financial statements when due.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs during the current period. The face amount of the debt is reported as other financing sources. Premiums, discounts, and bond issuance costs are amortized over the life of the bond issue and reported in depreciation and amortization in the statement of activities.

Compensated Absences

Village employees are granted vacation and personal days under formulas and conditions in the employees contract or Village policy. The vacation and personal pay is accrued in the government-wide financial statements. In the fund financial statements, these amounts are reported when paid as wages.

Nature and Purpose of Reservations of Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations, if any, of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets and capacity, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitation imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Note 3 Stewardship, Compliance, and Accountability

Budget Policy and Budgetary Accounting

Budgetary comparison schedules are required to be presented as Required Supplementary Information for the general fund and each major special revenue fund for which an annual budget has been adopted. Under the new reporting model GASB Statement No. 34 the following information is to be reported:

- Original Budget
- Final Budget
- Actual inflows, outflows and balances on a budgetary basis

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 3 Stewardship, Compliance, and Accountability (Concluded)
Budget Policy and Budgetary Accounting (Concluded)

The Village has presented the General Fund in the Budgetary Comparison Schedules as Required Supplementary Information.

The Village has presented the Industrial Park and Equipment Purchase Fund and all nonmajor governmental funds in the Budgetary Comparison Schedules as Other Supplementary Information.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Special Revenue Funds, the Capital Project Funds, and the Debt Service Funds. The legal level of budgetary control is the department level. All unexpended appropriations lapse at fiscal year end. The Village does not utilize encumbrance accounting.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Village manager submits to the Village Council a proposed operating budget for the fiscal year beginning March 1.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to February, the budget is legally enacted through a council resolution.
4. Any revisions of the budget must be approved by a council resolution.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles.
6. Budgeted amounts are as originally adopted, or as amended by the Village Council. There were no individual amendments in relation to the original appropriation.

Note 4 Changes in Accounting Principles

As of and for the year ended February 28, 2005, the Village implemented the following Governmental Accounting Standards Board Pronouncements.

Statements

- No. 33 - *Accounting and Financial Reporting for Nonexchange Transactions*
- No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*
- No. 36 - *Recipient Reporting for Certain Shared Nonexchange Revenues - An Amendment of GASB No. 33.*
- No. 37 - *Basic Financial Statements and Management Discussion and Analysis - for State and Local Governments; Omnibus*
- No. 38 - *Certain Financial Statement Note Disclosures*

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements were scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The Village was not required to implement the new standards until fiscal year ended February 28, 2005.

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 4 Changes in Accounting Principles (Concluded)

The more significant of the changes required by the new standards include:

Basic financial statements that include:

Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting.

Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;

Notes to the basic financial statements.

As a result of implementing these pronouncements for the fiscal year ended February 28, 2005, the following restatements were made to the beginning net asset accounts.

Government-Wide Financial Statements

Beginning net assets for governmental activities was determined as follows:

		Balance February 29, 2004
General Fund		\$1,598,086
Special Revenue Funds		737,160
Debt Service Funds		369,631
Capital Improvement Funds		566,315
Internal Service Funds		52,124
General Fixed Asset Account Group	\$2,842,259	
Less: Accumulated Depreciation	<u>(1,051,589)</u>	1,790,670
Accrued interest		(43,815)
Accrued compensated absences		(36,334)
General Long Term Debt Account Group		<u>(3,363,113)</u>
Governmental Net Assets, restated, as of March 1, 2004		<u>\$1,670,724</u>

Beginning net assets for business-type activities was determined as follows:

	Balance February 29, 2004
Enterprise Fund	\$9,771,533
Accrued interest payable	<u>(104,959)</u>
Fund Balance, restated, as of March 1, 2004	<u>\$9,666,574</u>

Note 5 Deposits

Statutes authorize the Village to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency.

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 5 Deposits (Concluded)

The Village of Dundee Council has authorized four depositories: Bank One, Monroe Bank & Trust, United Bank & Trust and Standard Federal Bank.

Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and Money Management Accounts", "Restricted Assets: Cash and Money Management Accounts", and "Cash with Fiscal Agent".

The following is a summary of these deposits:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured:		
FDIC	\$ 315,091	\$ 315,091
Uninsured:		
Uncollateralized	<u>11,935,776</u>	<u>12,217,466</u>
Total Deposits	<u>\$12,250,867</u>	<u>\$12,532,557</u>

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Cash Equivalents	\$3,803,881	\$ 796,336	\$4,600,217	\$26,105	\$2,832,339
Restricted Cash	<u>-</u>	<u>4,545,038</u>	<u>4,545,038</u>	<u>-</u>	<u>247,168</u>
	<u>\$3,803,881</u>	<u>\$5,341,374</u>	<u>\$9,145,255</u>	<u>\$26,105</u>	<u>\$3,079,507</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 6 Interfund Receivable, Payable and Transfers
Interfund receivable and payable balances as of February 28, 2005 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Major Street Fund	\$ 17,194	
Local Street Fund	9,834	
Payroll Fund	32	
Tax	2,262	
Water & Sewer	27,346	
1993 S. A.	15,000	
Accounts Payable T & A Fund	37	
Special Revenue Funds:		
Municipal Highway Fund:		
Tax	4,217	
Major Street Fund:		
General Fund		\$ 17,194
Local Street Fund:		
General Fund		9,834
Building Fund:		
Water/Sewer		15,150
Component Units:		
LDFA #3 Debt:		
Water/Sewer	58,257	
Industrial Park/Equipment Purchase Fund:		
2004 S.A.	10,000	
Agency Funds:		
Taxes:		
General Fund		2,262
1993 S.A.		2,275
Municipal Highway Fund		4,217
Water/Sewer		2,859
1999 S.A.		7,294
Payroll Fund:		
General Fund		32
Accounts Payable T & A Fund:		
General Fund		37
Debt Fund:		
1993 S.A. Debt:		
Tax Fund	2,275	
General Fund		15,000
1999 S. A. Debt:		
Tax Fund	7,294	
2004 S. A. Debt:		
Industrial Park/Equipment Purchase		10,000
Water/Sewer:		
Building Fund	15,150	
Tax	2,859	
General Fund		27,346
LDFA #3 Debt	<u> </u>	<u>58,257</u>
	<u>\$171,757</u>	<u>\$171,757</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 6 Interfund Receivable, Payable and Transfers (Continued)

Interfund balances reflect temporary loans and reimbursements due in the normal course of interfund activity. Interfund receivables in the LDFA #3 Debt Fund of \$58,257 represents accrued interest that was temporarily deposited in a water/sewer Enterprise Fund bank account.

Interfund transfers were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>	
General Fund	EDC Construction Fund	\$ 12,518	(1)
	Parks and Recreation Fund	4,500	(2)
	Historical Commission	64,500	(2)
	EDC Debt Fund	146,039	(1)
	1999 Installment Debt Fund	11,963	(3)
	2000 Installment Debt Fund	7,399	(3)
	2001 Installment Debt Fund	<u>7,503</u>	(3)
Total General Fund		254,422	
Municipal Street Fund	EDC Construction Fund	5,339	(1)
	Major Street Fund	60,000	(4)
	EDC Debt Fund	62,290	(1)
	1993 General Obligation Bonds	44,702	(3)
	1999 Special Assessment Bonds	9,200	(3)
	Local Street Fund	<u>45,000</u>	(4)
Total Municipal Street Fund		226,531	
Major Street Fund	1993 MTF Bonds	31,795	(3)
	1996 MTF Bonds	<u>21,940</u>	(3)
Total Major Street Fund		53,735	
Historical Commission	1995 Installment Debt Fund	5,570	(3)
Building Department Fund	2004 Installment Purchase	10,547	(3)
Industrial Park/Equipment Purchase Fund	Water / Sewer Enterprise Fund	1,944,739	(5)
	2004 Promissory Note	<u>99,492</u>	(3)
Total Industrial Park/Equipment Purchase Fund		2,044,231	
Downtown Development Authority	1994 DDA LTGO Bonds	164,381	(3)
LDFA - Water Plant	General Fund	5,000	(6)
	Industrial Park / Equipment Purchase Fund	23,300	(7)
	Water/Sewer Enterprise Fund	<u>278,822</u>	(3)
		307,122	
Total		<u>\$3,066,539</u>	

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 6 Interfund Receivable, Payable and Transfers (Concluded)

The following describes the purpose of the transfers:

- (1) Transfers of tax revenues in accordance with provisions of the project financing and interlocal agreements between the Economic Development Corporation of the Village of Dundee and Cabela's, Inc.
- (2) Transfers of discretionary funds to be used for recreation and education
- (3) Transfer for debt service
- (4) Transfer for various street maintenance costs
- (5) Transfer for the waste water treatment plant expansion project
- (6) Transfer for administrative expenses
- (7) Transfer for capital improvements

Note 7 Property Tax

The Village, under Public Act 3 of 1895, as amended, may levy up to 12.5 mills for general purposes, 5 mills for highways and streets, and 1 mill for cemetery maintenance. Taxes are levied on July 1, each year and are collected by the Village from July 1 to August 31.

The property tax revenue is recognized in the period that the tax was levied.

The taxable value for both real and personal property as of December 31, 2003 amounted to \$107,658,431, which was based on a percentage of the fair market value of the assessed property. The 2004 tax roll consisted of the following millage rates.

8.48 mills	General Fund
3.60 mills	Municipal Highway Fund
<u>.87</u> mills	Wastewater Plant Debt Fund

12.95 mills

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS February 28, 2005

Note 8

Tax Increment Financing

Tax increment financing is the setting aside of the taxes generated by an increase in the state equalized value of designated properties for a specific purpose.

On May 31, 1988, the Village adopted a Tax Increment Financing Authority Plan for the Dundee Downtown Development District as allowed under the Downtown Development Authority Act, Act No. 197 of the Public Acts of 1975. This plan is devoted to the planned and orderly economic revitalization of the downtown business district. For the fiscal year ended February 28, 2005, the Downtown Development Fund recorded \$332,070 as property tax revenue generated from the downtown development district.

On February 20, 1990, the Village adopted a Local Development Finance Authority Plan (water plant) to help eliminate the causes of unemployment, underemployment, joblessness, and to promote economic growth in the Village, pursuant to Act No. 281 of the Public Acts of 1986. For the fiscal year ended February 28, 2005, the Local Development Finance Fund (Water Fund) recorded \$299,687 as property tax revenue generated from the industrial park area.

On May 29, 2003, the Village adopted a Local Development Finance Authority Plan (Global Engine Project) to repay the financing of improvements to utilities and roadways on Ty Circle Drive, Ann Arbor Road, and Dundee Azalia Road. These improvements were required to allow the construction of a \$240,000,000 facility by Global Engine Alliance, LLC. For the fiscal year ended February 28, 2005, the Local Development Finance Authority (Global Engine Project) recorded \$107,769 as property tax revenue generated from the properties under improvement.

The Village has adopted Brownfield Redevelopment Authority (Tecumseh Road) to assist in financing the clean-up and development of a Brownfield area. For the year ended February 28, 2005, the Authority recorded \$102,738 in property tax revenue.

Note 9

Due from Other Governments

Due from other governments in the Downtown Development and Local Development Finance Component Units and the Brownfield Redevelopment Component Units is a receivable for captured taxes from Monroe County and Dundee Township of \$524,564. Due from other governments in the Economic Development Corporation Debt Service Fund is a receivable for Incremental Revenue from the County and College of \$130,970.

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS February 28, 2005

Note 10 Capital Assets

Capital asset activity for the year ended February 28, 2005 was as follows:

Primary Government

	Balance March 1, 2004	Additions	Deletions	Balance February 28, 2005
<u>Governmental Activities</u>				
Capital assets not depreciated:				
Land	\$36,900	\$3,268,000	\$0	\$3,304,900
Construction in process	0	1,468,118	0	1,468,118
Capital assets being depreciated				
Infrastructure, roads, drains, and storm sewers	0	818,800	0	818,800
Buildings	1,151,109	6,818	0	1,157,927
Improvements other than buildings	1,168,262	0	0	1,168,262
Equipment	166,536	42,519	0	209,055
Vehicles	319,452	0	0	319,452
Totals at historical cost	<u>2,842,259</u>	<u>5,604,255</u>	<u>0</u>	<u>8,446,514</u>
Less accumulated depreciation for				
Infrastructure, roads, drains, and storm sewers	0	1,623	0	1,623
Buildings	353,004	33,638	0	386,642
Improvements other than buildings	338,328	35,402	0	373,730
Equipment	100,970	19,838	0	120,808
Vehicles	259,287	36,854	0	296,141
Total accumulated depreciation	<u>1,051,589</u>	<u>127,355</u>	<u>0</u>	<u>1,178,944</u>
Governmental Activities - Net Capital Assets	<u>\$1,790,670</u>	<u>\$5,476,900</u>	<u>\$0</u>	<u>\$7,267,570</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$54,996
Public Safety	10,678
Public Works	36,779
Culture and recreation	<u>24,902</u>
Total depreciation expense	<u>\$127,355</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS February 28, 2005

Note 10 Capital Assets (Concluded)

Primary Government (Continued)

	Balance March 1, 2004	Additions	Deletions	Balance February 28, 2005
Business-type Activities				
Capital assets not depreciated:				
Land	\$53,816	\$0	\$0	\$53,816
Construction in process	603,762	3,647,422	0	4,251,184
Capital assets being depreciated:				
Vehicles and equipment	371,848	35,300	0	407,148
Buildings and improvements	9,046,788	0	0	9,046,788
Water and sewer lines	10,510,868	0	0	10,510,868
Totals at historical costs	20,587,082	3,682,722	0	24,269,804
Less accumulated depreciation for:				
Vehicles and equipment	264,383	21,379	0	285,762
Buildings and improvements	3,167,385	262,107	0	3,429,492
Water and sewer lines	1,445,670	266,675	0	1,712,345
Total accumulated depreciation	4,877,438	550,161	0	5,427,599
Business-Type Activities - Net Capital Assets	<u>\$15,709,644</u>	<u>\$3,132,561</u>	<u>\$0</u>	<u>\$18,842,205</u>

Depreciation expense was charged to business-type functions as follows:

Water	\$293,013
Sewer	257,148
Total depreciation expense	<u>\$550,161</u>

Component Units

Economic Development Corporation

Capital assets not depreciated:				
Land	\$3,300,000	\$0	\$0	\$3,300,000
Capital assets being depreciated:				
Water and sewer lines	2,396,074	0	0	2,396,074
Storm Sewers	1,830,690	0	0	1,830,690
Streets and ramps	4,808,301	0	0	4,808,301
Totals at historical costs	12,335,065	0	0	12,335,065
Less accumulated depreciation for:				
Water and sewer lines	95,843	47,921	0	143,764
Storm Sewers	73,225	36,614	0	109,839
Streets and ramps	384,664	192,332	0	576,996
Totals accumulated depreciation	553,732	276,867	0	830,599
EDC - Net Capital Assets	<u>\$11,781,333</u>	<u>(\$276,867)</u>	<u>\$0</u>	<u>\$11,504,466</u>

Depreciation expense charged to
public works

\$276,867

LDFA #3 Global Engine Project

Capital assets not depreciated:				
Construction in process	\$0	\$4,984,568	\$0	\$4,984,568
Capital assets being depreciated:				
Infrastructure	0	0	0	0
Totals at historical costs	0	4,984,568	0	4,984,568
Less accumulated depreciation for:				
Infrastructure	0	0	0	0
LDFA #3 - Net Capital Assets	<u>\$0</u>	<u>\$4,984,568</u>	<u>\$0</u>	<u>\$4,984,568</u>

Depreciation expense charged to
public works

\$0

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 11 Retirement Commitments

Plan Description

The Village of Dundee is in an agent multiple-employer defined benefit pension plan with the Municipal Employees Retirement System (MERS), administered by the State of Michigan. The Village's covered payroll for employees covered by the system for the year ended February 28, 2005 was \$566,516 out of a total of \$841,364.

All full time Village employees are eligible to participate in MERS. Benefits vest after 10 years of service. Village employees who retire at or after age 60 with 10 years, age 55 with 15 years, and age 50 with 25 years of credited service are entitled to an annual retirement benefit of 2.0% of a members 5 year final average compensation multiplied by the years of credited service not to exceed 30 years, payable until attainment of the age at which unreduced social security benefits are available (currently age 65 for normal retirement, gradually increasing to age 67). Upon attainment of this age, the benefit reverts to 1.7% of a members 5 year final average compensation. The system also provides disability retirement allowance, non duty death allowance, duty connected death and post retirement adjustments. These benefit provisions and all other requirements are established by state statute and Village council resolution.

The Municipal Employees Retirement System of Michigan issues a publically available financial report which may be obtained by writing to MERS, 447 North Canal Road, Lansing, Michigan, 48197.

Employees contribute 7.0% of their wages to the plan. The Village is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by State statute. The Village's annual required contribution was zero for the fiscal year ending February 28, 2005. The contribution requirements of plan members and the Village are established by the Village and by the MERS Board of Trustees. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age normal cost method.

Significant actuarial assumptions include: 1) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, 2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, 3) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and 4) the assumption that benefits will increase 2.5% per year (annually) after retirement.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The Village's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years.

Contributions Required and Contributions Made

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment were determined using an attained age actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years.

The contribution to MERS for the year ended February 28, 2005, of \$39,656 (7% current covered payroll) was made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 1990. The Village contributed \$-0- ; employees contributed \$39,656 (7.0% current covered payroll).

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS February 28, 2005

Note 11 Retirement Commitments (Concluded)
Contributions Required and Contributions Made (Concluded)
Three-year Trend Information

	Valuation Ended December 31,		
	2001	2002	2003
Annual pension cost	\$ -	\$ -	\$ -
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
Actuarial value of assets	1,898,743	1,929,949	2,055,934
Actuarial accrued liability (entry age)	1,453,660	1,544,328	1,618,497
Unfunded (overfunded) AAL	(445,083)	(385,621)	(437,437)
Funded ratio	131%	125%	127%
Annual covered payroll	446,308	487,865	495,896
UAAL as a percentage of annual covered payroll	0%	0%	0%

Note 12 Long-Term Debt
Following is a summary of changes in long-term debt:

	Balance February 29, 2004	Additions	Retired	Balance February 28, 2005	Due Within One Year
1997 Water Supply and Sewage Disposal System Revenue Bonds, bearing interest at 6.25%.	\$ 160,000	\$ -	\$ 15,000	\$ 145,000	\$ 15,000
1994 Sewage Disposal System Refunding Bonds, bearing interest at rates from 4.1% to 6.2%.	1,125,000	-	185,000	940,000	185,000
1993 Sewage Disposal System Limited Tax General Obligation bonds, bearing interest at 2%.	990,000	-	80,000	910,000	85,000
1998 Water Supply and Sewage Disposal System Revenue Bonds, bearing interest at 5.75%.	305,000	-	10,000	295,000	10,000
1999 Water Supply and Sewage Disposal System Revenue Bonds, bearing interest at 4.50%.	75,000	-	10,000	65,000	10,000

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

	Balance February 29, 2004	Additions	Retired	Balance February 28, 2005	Due Within One Year
2001 Monroe County Water Supply System Limited Tax General Obligation Bonds, bearing interest at rates from 4.0% to 5.0%.	\$3,405,000	\$ -	\$ 55,000	\$3,350,000	\$ 60,000
2002 Water Supply System Limited Tax General Obligation Refunding Bonds, bearing interest at rates from 1.4% to 3.8%.	1,060,000	-	115,000	945,000	120,000
2004 Monroe County Sewage Disposal System Limited Tax General Obligation Bonds, bearing interest from 3.88% to 5.00%.	-	5,000,000	-	5,000,000	-
Total Bonds and Contracts	7,120,000	5,000,000	470,000	11,650,000	485,000
Compensated Absences	25,021	35,021	41,379	18,663	18,663
Total Business Type Activities	7,145,021	5,035,021	511,379	11,668,663	503,663
1993 General Obligation Limited Tax Bonds, bearing interest at rates from 3.0% to 5.5%.	190,000	-	35,000	155,000	35,000
1993 Special Assessment Bonds, bearing interest at rates from 3.0% to 5.5%.	150,000	-	50,000	100,000	25,000
1993 Michigan Transportation Fund Bonds, bearing interest at rates from 3.0% to 5.5%.	135,000	-	25,000	110,000	25,000
October 3, 1995 installment purchase agreement for purchase of heating and cooling units for the Community Center. Payments are \$222.97 per month for 120 months at 5.55% interest.	3,789	-	2,743	1,046	1,046

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS February 28, 2005

Note 12 Long-Term Debt (Continued)

	Balance February 29, <u>2004</u>	<u>Additions</u>	<u>Retired</u>	Balance February 28, <u>2005</u>	Due Within <u>One Year</u>
Refinanced Downtown Development Authority-Component Unit 1994 Downtown Development and Refunding Bonds, bearing interest at 4.55%.	\$ 1,565,000	\$ -	\$ 95,000	\$ 1,470,000	\$105,000
1996 Michigan Transportation Fund Bonds bearing interest at rates from 4.7% to 6.5%.	40,000	-	20,000	20,000	20,000
1996 Special Assessment Bonds bearing an interest rate of 5.6%	14,000	-	7,000	7,000	7,000
July 17, 1996 installment purchase agreement with Monroe Bank & Trust for the construction of a new roof for the Community Center. Payments are \$205.50 per month for 120 months at 5.15% interest.	5,772	-	2,411	3,361	2,352
1999 Installment purchase with Monroe Bank & Trust for purchase of a dump truck, payments are made annually with interest at 4.30%.	22,000	-	11,000	11,000	11,000
1998 General Obligation Limited Tax Bonds, bearing interest at 4.95%.	80,000	-	5,000	75,000	5,000
1998 Special Assessment Limited Tax General Obligation Bonds, bearing interest at 4.95%.	295,000	-	35,000	260,000	35,000
1999 Special Assessment Limited Tax General Obligation Bonds, bearing interest at 4.40%.	195,000	-	40,000	155,000	40,000

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS February 28, 2005

Note 12 Long-Term Debt (Continued)

	<u>Balance February 29, 2004</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance February 28, 2005</u>	<u>Due Within One Year</u>
November 21, 2000 installment purchase agreement for purchase of a new dump truck for the Department of Public Works. Annual payments include interest at 5.5%.	\$ 25,000	\$ -	\$ 6,000	\$ 19,000	\$ 6,000
2000 Special Assessment Limited Tax General Obligation Bonds bearing interest at 5.10%.	250,000	-	35,000	215,000	30,000
October 25, 2001 installment purchase agreement for purchase of a new Ford F250 to be used by the Department of Public Works. Monthly principal only payments of \$833.64.	7,552	-	7,552	-	-
2001 Special Assessment Limited Tax General Obligation Bonds bearing interest at 4.45%.	210,000	-	15,000	195,000	15,000
February 13, 2004 installment purchase agreement for purchase of building located at 141 Riley St., Dundee. Variable semiannual payments bearing an interest rate of 3.60%.	175,000	-	6,559	168,441	7,512
2004 Special Assessment Limited Tax General Obligation Bonds, bearing interest at 3.49%.	-	155,000	10,000	145,000	10,000
2004 Promissory Note (without recourse) for purchase of 154 acres of improved industrial park land, bearing interest at 4.00%.	-	3,268,000	-	3,268,000	-

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

	Balance February 29, <u>2004</u>	<u>Additions</u>	<u>Retired</u>	Balance February 28, <u>2005</u>	Due Within <u>One Year</u>
2004 Promissory Note/Line of Credit (without recourse) for interest and marketing expenses on the 154 acres of improved park land, bearing interest at 4.00%.	\$ <u> </u> -	\$ <u>99,492</u>	\$ <u> </u> -	\$ <u>99,492</u>	\$ <u> </u> -
Total Bonds and Installment Obligations	3,363,113	3,522,492	408,265	6,477,340	379,910
Compensated Absences	<u>36,334</u>	<u>30,093</u>	<u>21,547</u>	<u>44,880</u>	<u>44,880</u>
Total Governmental Activities	<u>3,399,447</u>	<u>3,552,585</u>	<u>429,812</u>	<u>6,522,220</u>	<u>424,790</u>
Economic Development Component Unit note payable to Cabella's Retail, Inc. Payments to be made annually starting 2003 and continuing for sixteen years. Payment amount is based on tax revenues.	12,335,065	-	-	12,335,065	-
Local Development Finance Authority - Component Unit 2003 Global Engine Bonds, bearing interest at 5.75%. (Tax Exempt)	2,000,000	-	-	2,000,000	60,000
2004 Local development Finance Authority-Component Unit Limited Tax General Obligation Bonds, bearing interest from 3.95% to 5.5%. (Federally Taxable)	-	3,200,000	-	3,200,000	-
2004 Local Development Finance Authority Monroe Bank & Trust Bonds, bearing interest from 4.00% to 5.00%. (Tax Exempt)	<u> </u> -	<u>425,000</u>	<u> </u> -	<u>425,000</u>	<u> </u> -
Total Component Unit	<u>14,335,065</u>	<u>3,625,000</u>	<u> </u> -	<u>17,960,065</u>	<u>60,000</u>
Total	<u>\$24,879,533</u>	<u>\$12,212,606</u>	<u>\$941,191</u>	<u>\$36,150,948</u>	<u>\$988,453</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

1997 Water Supply and Sewer Disposal System Revenue Bonds dated March 1, 1997, in the aggregate principal amount of \$220,000 for the purpose of construction and improvements to the Village's Water Supply and Sewage Disposal System.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 15,000	\$ 7,219	\$ 22,219
2007	15,000	6,431	21,431
2008	15,000	5,644	20,644
2009	15,000	4,856	19,856
2010	20,000	3,938	23,938
2011	20,000	2,888	22,888
2012	20,000	1,838	21,838
2013	<u>25,000</u>	<u>655</u>	<u>25,655</u>
	<u>\$145,000</u>	<u>\$33,469</u>	<u>\$178,469</u>

Contract liability for 1994 Sewage Disposal Refunding Bonds (Village of Dundee System No. 1) - \$2,150,000 issue dated July 7, 1994, less discount of \$5,793, by the County of Monroe to advance refund 1988 Sewage Disposal System Bonds.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$185,000	\$ 50,669	\$ 235,669
2007	180,000	40,130	220,130
2008	180,000	29,600	209,600
2009	200,000	18,190	218,190
2010	<u>195,000</u>	<u>6,045</u>	<u>201,045</u>
	<u>\$940,000</u>	<u>\$144,634</u>	<u>\$1,084,634</u>

Contract Liability For Sewage Disposal Systems Bonds (Dundee Sewer No. 2) - \$1,165,000 issue dated September 30, 1993, by the County of Monroe as part of the State Revolving Loan Funded Project, to finance the sewer separation project capitalized in the water/sewer enterprise fund during fiscal year ending February 28, 1997.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 85,000	\$16,843	\$101,843
2007	85,000	15,143	100,143
2008	85,000	13,443	98,443
2009	90,000	11,693	101,693
2010	90,000	9,893	99,893
2011	90,000	8,093	98,093
2012	95,000	6,243	101,243
2013	95,000	4,343	99,343
2014	95,000	2,443	97,443
2015	<u>100,000</u>	<u>747</u>	<u>100,747</u>
	<u>\$910,000</u>	<u>\$88,884</u>	<u>\$998,884</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

Contract Liability for General Obligation Limited Tax Bonds - \$350,000 issue dated May 5, 1998, by the County of Monroe for the purpose of construction and improvements to the Village's Water Supply and Sewage Disposal System.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 10,000	\$ 14,645	\$ 24,645
2007	10,000	14,140	24,140
2008	15,000	13,509	28,509
2009	15,000	12,751	27,751
2010	15,000	11,994	26,994
2011	15,000	11,236	26,236
2012	15,000	10,479	25,479
2013	15,000	9,721	24,721
2014	15,000	8,964	23,964
2015	40,000	7,575	47,575
2016	40,000	5,555	45,555
2017	40,000	3,535	43,535
2018	<u>50,000</u>	<u>1,263</u>	<u>51,263</u>
	<u>\$295,000</u>	<u>\$125,367</u>	<u>\$420,367</u>

1999 Water Supply and Sewage Disposal System Revenue Bonds dated May 18, 1999, in the aggregate principal amount of \$115,000 for the purpose of construction and extension of water and sewer lines.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$10,000	\$2,775	\$12,775
2007	10,000	2,325	12,325
2008	15,000	1,763	16,763
2009	15,000	1,068	16,068
2010	<u>15,000</u>	<u>356</u>	<u>15,356</u>
	<u>\$65,000</u>	<u>\$8,287</u>	<u>\$73,287</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

2001 Monroe County Water Supply System Limited Tax General Obligation Bonds dated April 1, 2001, in the aggregate principal amount of \$3,500,000 less discount of \$35,000 by the County of Monroe for the purpose of construction and extension of water system improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 60,000	\$ 159,052	\$ 219,052
2007	65,000	156,552	221,552
2008	65,000	153,904	218,904
2009	70,000	151,085	221,085
2010	70,000	148,128	218,128
2011	90,000	144,728	234,728
2012	100,000	140,690	240,690
2013	100,000	136,365	236,365
2014	130,000	131,240	261,240
2015	115,000	125,670	240,670
2016	125,000	120,088	245,088
2017	130,000	114,030	244,030
2018	130,000	107,758	237,758
2019	190,000	99,950	289,950
2020	205,000	90,273	295,273
2021	215,000	79,875	294,875
2022	225,000	68,875	293,875
2023	235,000	57,375	292,375
2024	245,000	45,375	290,375
2025	250,000	33,000	283,000
2026	260,000	20,250	280,250
2027	<u>275,000</u>	<u>6,875</u>	<u>281,875</u>
	<u>\$3,350,000</u>	<u>\$2,291,138</u>	<u>\$5,641,138</u>

Contract Liability for 2002 Water Supply System Refunding Bonds (Village of Dundee System No. 1) - \$1,085,000 issue dated December 19, 2002, less discount of \$2,341 by the County of Monroe to advance refund 1991 Water Supply System Bonds.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$120,000	\$ 29,520	\$ 149,520
2007	125,000	25,845	150,845
2008	125,000	22,095	147,095
2009	130,000	18,173	148,173
2010	140,000	13,745	153,745
2011	150,000	8,627	158,627
2012	<u>155,000</u>	<u>2,945</u>	<u>157,945</u>
	<u>\$945,000</u>	<u>\$120,950</u>	<u>\$1,065,950</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

2004 Monroe County Sewage Disposal System (Village of Dundee System No. 3) Limited Tax General Obligation Bonds dated May 1, 2004 in aggregate principal amount of \$5,000,000 less discount of \$50,000 by the County of Monroe for the purpose of constructing an addition to the existing waste water treatment plant to service the Village of Dundee.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ -	\$ 222,923	\$ 222,923
2007	185,000	219,338	404,338
2008	195,000	211,976	406,976
2009	200,000	204,198	404,198
2010	210,000	195,998	405,998
2011	220,000	187,398	407,398
2012	230,000	178,254	408,254
2013	240,000	168,560	408,560
2014	255,000	158,350	413,350
2015	265,000	147,459	412,459
2016	280,000	135,668	415,668
2017	290,000	123,056	413,056
2018	300,000	109,854	409,854
2019	315,000	95,859	410,859
2020	330,000	80,859	410,859
2021	345,000	64,824	409,824
2022	365,000	47,647	412,647
2023	385,000	29,125	414,125
2024	<u>390,000</u>	<u>9,750</u>	<u>399,750</u>
	<u>\$5,000,000</u>	<u>\$2,591,096</u>	<u>\$7,591,096</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

1993 General Obligation Limited Tax Bonds dated September 1, 1993, in the aggregate amount of \$450,000 for the construction of public street improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 35,000	\$ 7,488	\$ 42,488
2007	40,000	5,480	45,480
2008	40,000	3,300	43,300
2009	<u>40,000</u>	<u>1,100</u>	<u>41,100</u>
	<u>\$155,000</u>	<u>\$17,368</u>	<u>\$172,368</u>

1993 Special Assessment Bonds (limited tax general obligation) dated September 1, 1993, in the aggregate principal amount of \$660,000 for the construction of public street improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 25,000	\$ 4,762	\$ 29,762
2007	25,000	3,425	28,425
2008	25,000	2,063	27,063
2009	<u>25,000</u>	<u>687</u>	<u>25,687</u>
	<u>\$100,000</u>	<u>\$10,937</u>	<u>\$110,937</u>

1993 Michigan Transportation Fund Bonds dated September 1, 1993, in the aggregate amount of \$300,000 for the construction of public street improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 25,000	\$ 5,132	\$ 30,132
2007	25,000	3,845	28,845
2008	30,000	2,400	32,400
2009	<u>30,000</u>	<u>803</u>	<u>30,803</u>
	<u>\$110,000</u>	<u>\$12,180</u>	<u>\$122,180</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

1999 Downtown Development Refunding Bonds (Limited Tax General Obligation) dated March 23, 1999, in the aggregate principal amount of \$1,695,000 for the refinancing of the 1994 Downtown Development and Refunding Bonds.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 105,000	\$ 64,496	\$ 169,496
2007	110,000	59,605	169,605
2008	120,000	54,373	174,373
2009	130,000	48,685	178,685
2010	145,000	42,429	187,429
2011	150,000	35,717	185,717
2012	160,000	28,665	188,665
2013	175,000	21,044	196,044
2014	185,000	12,854	197,854
2015	190,000	4,323	194,323
	<u>\$1,470,000</u>	<u>\$372,191</u>	<u>\$1,842,191</u>

1995 note payable to Monroe Bank & Trust, dated October 3, 1995 for \$20,500 to finance an installment purchase agreement for the purchase and installation of heating and cooling units at the Community Center.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	<u>\$1,046</u>	<u>\$22</u>	<u>\$1,068</u>

1996 Michigan Transportation Fund Bonds dated May 1, 1996, in the aggregate amount of \$160,000 for the construction of public street improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	<u>\$20,000</u>	<u>\$650</u>	<u>\$20,650</u>

1996 Special Assessment Bonds (limited tax general obligation) dated September 24, 1996, in the aggregate amount of \$63,000 for the construction of Outer Drive drainage improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	<u>\$7,000</u>	<u>\$392</u>	<u>\$7,392</u>

1996 Note Payable to Monroe Bank & Trust, dated July 17, 1996, for \$19,200 to finance the construction of a new roof.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$2,352	\$125	\$2,477
2007	<u>1,009</u>	<u>14</u>	<u>1,023</u>
	<u>\$3,361</u>	<u>\$139</u>	<u>\$3,500</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

1999 Note Payable to Monroe Bank & Trust, dated June 15, 1999, for \$70,000 to finance the purchase of a new dump truck.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	<u>\$11,000</u>	<u>\$473</u>	<u>\$11,473</u>

Contract Liability for 1998 General Obligation Limited Tax Bonds-\$105,000 issue dated May 5, 1998, by the County of Monroe, for the purpose of local public improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 5,000	\$ 3,712	\$ 8,712
2007	10,000	3,465	13,465
2008	10,000	2,970	12,970
2009	10,000	2,475	12,475
2010	10,000	1,980	11,980
2011	10,000	1,485	11,485
2012	10,000	990	10,990
2013	<u>10,000</u>	<u>495</u>	<u>10,495</u>
	<u>\$75,000</u>	<u>\$17,572</u>	<u>\$92,572</u>

Special Assessment Limited Tax General Obligation Bonds dated May 5, 1998, in the aggregate amount of \$475,000, for the purpose of local public improvements for Stowell Road and Waterstradt Commerce Drive.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 35,000	\$12,870	\$ 47,870
2007	35,000	11,137	46,137
2008	30,000	9,405	39,405
2009	30,000	7,920	37,920
2010	30,000	6,435	36,435
2011	30,000	4,950	34,950
2012	30,000	3,465	33,465
2013	<u>40,000</u>	<u>1,980</u>	<u>41,980</u>
	<u>\$260,000</u>	<u>\$58,162</u>	<u>\$318,162</u>

Special Assessment (Limited Tax General Obligation) Bonds dated May 18, 1999, in the aggregate amount of \$375,000, for the purpose of local public improvements for Oak Street and Waterstradt Commerce Drive.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 40,000	\$ 6,660	\$ 46,660
2007	40,000	4,960	44,960
2008	40,000	3,260	43,260
2009	<u>35,000</u>	<u>1,540</u>	<u>36,540</u>
	<u>\$155,000</u>	<u>\$16,420</u>	<u>\$171,420</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

2001 Note Payable to Monroe Bank & Trust, dated November 21, 2000 for \$39,784 to finance an installment purchase agreement for the purchase of a New Dump Truck.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 6,000	\$1,045	\$ 7,045
2007	6,000	715	6,715
2008	<u>7,000</u>	<u>385</u>	<u>7,385</u>
	<u>\$19,000</u>	<u>\$2,145</u>	<u>\$21,145</u>

Special Assessment (Limited Tax General Obligation) Bonds dated November 7, 2000, in the aggregate amount of \$300,000 for the purpose of an Industrial Complex Development.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 30,000	\$ 9,868	\$ 39,868
2007	30,000	8,435	38,435
2008	30,000	6,988	36,988
2009	35,000	5,403	40,403
2010	30,000	3,795	33,795
2011	30,000	2,288	32,288
2012	<u>30,000</u>	<u>765</u>	<u>30,765</u>
	<u>\$215,000</u>	<u>\$37,542</u>	<u>\$252,542</u>

2001 Special Assessment (Limited Tax General Obligation) Bonds dated November 1, 2001, in the aggregate amount of \$220,000 for the purpose of road replacement on Rawson Street.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 15,000	\$ 8,344	\$ 23,344
2007	15,000	7,676	22,676
2008	15,000	7,009	22,009
2009	15,000	6,341	21,341
2010	15,000	5,674	20,674
2011	15,000	5,006	20,006
2012	15,000	4,339	19,339
2013	15,000	3,671	18,671
2014	15,000	3,004	18,004
2015	15,000	2,336	17,336
2016	15,000	1,669	16,669
2017	15,000	1,001	16,001
2018	<u>15,000</u>	<u>334</u>	<u>15,334</u>
	<u>\$195,000</u>	<u>\$56,404</u>	<u>\$251,404</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

2004 Note Payable to United Bank & Trust, dated February 13, 2004 for \$175,000 to finance the purchase of real estate.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 7,512	\$ 3,035	\$ 10,547
2007	7,650	2,896	10,546
2008	7,788	2,759	10,547
2009	7,928	2,618	10,546
2010	8,070	2,477	10,547
2011	8,215	2,331	10,546
2012	8,364	2,183	10,547
2013	8,514	2,032	10,546
2014	8,667	1,880	10,547
2015	8,823	1,723	10,546
2016	8,982	1,565	10,547
2017	9,143	1,403	10,546
2018	9,309	1,238	10,547
2019	9,476	1,070	10,546
2020	9,647	900	10,547
2021	9,820	726	10,546
2022	9,997	550	10,547
2023	10,176	370	10,546
2024	<u>10,360</u>	<u>186</u>	<u>10,546</u>
	<u>\$168,441</u>	<u>\$31,942</u>	<u>\$200,383</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

2004 Special Assessment (Limited Tax General Obligations) Bonds dated May 18, 2004 in the aggregate amount of \$155,000 for the purpose of road replacement on First Street.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$10,000	\$4,886	\$14,886
2007	15,000	4,450	19,450
2008	20,000	3,839	23,839
2009	20,000	3,141	23,141
2010	15,000	2,530	17,530
2011	15,000	2,007	17,007
2012	15,000	1,483	16,483
2013	15,000	960	15,960
2014	20,000	349	20,349
	<u>\$145,000</u>	<u>\$23,645</u>	<u>\$168,645</u>

2004 Promissory note (without recourse) with Monroe Bank & Trust dated March 30, 2004 in the amount of \$3,268,000 for the purpose of purchasing 153 acres of improved land in the Village's Industrial Park. Repayment of the promissory note is subject to parcel sales in accordance with the provisions of a land development agreement between the Village of Dundee and Monroe Bank & Trust. The Village will have no direct obligation for the payment of the obligation represented by the agreement. The obligation owing under this agreement shall terminate on December 31, 2009, unless extended. The property is secured by various mortgages with Monroe Bank & Trust.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$0	\$132,233	\$132,233
2007	0	132,233	132,233
2008	0	132,233	132,233
2009	0	132,233	132,233
2010	3,268,000	132,233	3,400,233
	<u>\$3,268,000</u>	<u>\$661,165</u>	<u>\$3,929,165</u>

2004 Promissory note/line of credit (without recourse) with Monroe Bank & Trust dated March 30, 2004 in the amount of \$99,942 for the purpose of paying interest and marketing expenses in accordance with the land development agreement described above. Repayment of the credit line is subject to parcel sales in accordance with the provisions of the land development agreement between the Village of Dundee and Monroe Bank and Trust. The Village will have no direct obligation for the payment of the obligation represented by the agreement. The obligation owing under this agreement shall terminate on December 31, 2009, unless extended. The property is secured by various mortgages with Monroe Bank & Trust.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$0	\$4,035	\$4,035
2007	0	4,035	4,035
2008	0	4,035	4,035
2009	0	4,035	4,035
2010	99,492	4,035	103,527
	<u>\$99,492</u>	<u>\$20,175</u>	<u>\$119,667</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

2003 Local Development Finance Authority Global Engine Bonds (Village LDFA Tax Exempt) dated May 29, 2003 in the aggregate principal amount of \$2,000,000 for acquisition - construction of various infrastructure improvements to assist in the Global Engine Project.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$ 60,000	\$ 113,275	\$ 173,275
2007	65,000	109,681	174,681
2008	65,000	105,944	170,944
2009	70,000	102,062	172,062
2010	75,000	97,894	172,894
2011	80,000	93,437	173,437
2012	85,000	88,694	173,694
2013	90,000	83,663	173,663
2014	95,000	78,344	173,344
2015	100,000	72,737	172,737
2016	105,000	66,844	171,844
2017	110,000	60,662	170,662
2018	120,000	54,050	174,050
2019	125,000	47,006	172,006
2020	135,000	39,531	174,531
2021	140,000	31,625	171,625
2022	150,000	23,288	173,288
2023	160,000	14,375	174,375
2024	<u>170,000</u>	<u>4,888</u>	<u>174,888</u>
	<u>\$2,000,000</u>	<u>\$1,288,000</u>	<u>\$3,288,000</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Concluded)

2004 Local Development Finance Authority Global Engine Bonds (Limited Tax General Obligation) (Federally Taxable) dated April 1, 2004 in the aggregate principal amount of \$3,200,000 for the acquisition and construction of various infrastructure improvements to assist in the Global Engine Project.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$0	\$160,403	\$160,403
2007	105,000	158,329	263,329
2008	110,000	154,082	264,082
2009	115,000	149,639	264,639
2010	125,000	144,868	269,868
2011	130,000	139,637	269,637
2012	140,000	133,688	273,688
2013	145,000	126,987	271,987
2014	155,000	119,633	274,633
2015	165,000	111,632	276,632
2016	175,000	103,045	278,045
2017	185,000	93,819	278,819
2018	195,000	83,985	278,985
2019	210,000	73,350	283,350
2020	220,000	61,900	281,900
2021	235,000	49,670	284,670
2022	250,000	36,512	286,512
2023	260,000	22,550	282,550
2024	280,000	7,700	287,700
	<u>\$3,200,000</u>	<u>\$1,931,429</u>	<u>\$5,131,429</u>

2004 Local Development Finance Authority Global Engine Bonds (Limited Tax General Obligation) (Federally Taxable) dated June 1, 2004 in the aggregate principal amount of \$425,000 for the acquisition and construction of various infrastructure improvements to assist in the Global Engine Project.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2006	\$0	\$18,625	\$18,625
2007	20,000	18,225	38,225
2008	20,000	17,425	37,425
2009	20,000	16,625	36,625
2010	20,000	15,825	35,825
2011	20,000	15,025	35,025
2012	25,000	14,125	39,125
2013	25,000	13,125	38,125
2014	25,000	12,125	37,125
2015	25,000	11,063	36,063
2016	25,000	9,937	34,937
2017	25,000	8,813	33,813
2018	25,000	7,687	32,687
2019	25,000	6,563	31,563
2020	25,000	5,437	30,437
2021	25,000	4,313	29,313
2022	25,000	3,125	28,125
2023	25,000	1,875	26,875
2024	25,000	625	25,625
	<u>\$425,000</u>	<u>\$200,563</u>	<u>\$625,563</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Continued)

The annual requirements to pay principal and interest on the long-term debt outstanding at February 28, 2005, excluding compensated absences, are as follows:

Business Type Activities:

<u>Fiscal Years</u>	<u>Enterprise Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 485,000	\$ 503,646	\$ 988,646
2007	675,000	479,904	1,154,904
2008	695,000	451,934	1,146,934
2009	735,000	422,014	1,157,014
2010	755,000	390,097	1,145,097
2011 - 2015	2,690,000	1,605,511	4,295,511
2016 - 2020	2,425,000	1,087,748	3,512,748
2021 - 2025	2,655,000	435,846	3,090,846
2026 - 2030	<u>535,000</u>	<u>27,125</u>	<u>562,125</u>
	<u>\$11,650,000</u>	<u>\$5,403,825</u>	<u>\$17,053,825</u>

Governmental Activities:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 379,910	\$ 270,400	\$ 650,310
2007	359,659	252,633	612,292
2008	374,788	235,368	610,156
2009	377,928	217,330	595,258
2010	3,620,562	201,850	3,822,412
2011 - 2015	1,232,583	153,458	1,386,041
2016 - 2020	91,557	9,180	100,737
2020 - 2025	<u>40,353</u>	<u>1,832</u>	<u>42,185</u>
	<u>\$6,477,340</u>	<u>\$1,342,051</u>	<u>\$7,819,391</u>

Component Units:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 60,000	\$ 292,303	\$ 352,303
2007	190,000	286,235	476,235
2008	195,000	277,451	472,451
2009	205,000	268,326	473,326
2010	220,000	258,587	478,587
2011 - 2015	1,305,000	1,113,915	2,418,915
2016 - 2020	1,705,000	722,629	2,427,629
2020 - 2025	<u>1,745,000</u>	<u>200,546</u>	<u>1,945,546</u>
	<u>\$5,625,000</u>	<u>\$3,419,992</u>	<u>\$9,044,992</u>

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 12 Long-Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt outstanding do not include requirements of the Economic Development Corporation's note payable to Cabella's Retail, Inc. Payment amounts are based on tax revenues and have not been determined.

Note 13 Water Department - Restricted Assets

Bond Ordinance No. 34 requires a minimum balance of \$1,000 to be on deposit in the Replacement Fund and \$8,000 to be on deposit in the Bond Reserve Fund. These requirements have been met.

Note 14 Segment Information for Enterprise Fund

The Village maintains one Enterprise Fund which provides water and sewer services to Village residents. Segment information for the year ended February 28, 2005 follows:

	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
Operating revenues	\$1,545,066	\$807,355	\$737,711
Depreciation and amortization	434,982	384,125	434,982
Operating income (loss)	(115,556)	(131,987)	(16,431)
Tax revenues	112,786	-	112,786
Net income (loss) before contributions and transfers	(162,267)	(209,798)	47,531
Contributed capital	922,248	250,121	672,127
Property and equipment additions	3,682,722		
Bonds and contracts payables	11,650,000		
Net working capital	623,512		
Total assets	24,679,047		
Total net assets	12,650,116		

Note 15 Accrued Compensated Absences

The Village has accrued liability to its employees for accumulated vested vacation benefits. The Village's employment policy provides that vacation days can not be carried over. The period begins and ends on the employee's anniversary date.

The Village accrued vacation pay of \$18,663 in the Water and Sewage Disposal Enterprise Fund at February 28, 2005. Vacation pay of approximately \$44,880 relating to the governmental activities is reported in the government-wide financial statements. The Village's employment policy allows for sick days to be carried forward.

Note 16 Contingent Liability - Unemployment Compensation

Effective January 1, 1975 political subdivisions became subject to the Michigan Employment Security Act. The Village of Dundee, instead of paying regular contributions to the State Unemployment Fund, elected to make reimbursement payments. The Village is self-insuring its contingent liability for reimbursement payments, by making appropriations to the Unemployment Compensation Fund. It is not possible to estimate the potential expense from future unemployment claims.

Note 17 Contingent Liability - Federal and State Grants

During the past several years federal and state grants for various projects have been received that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant.

VILLAGE OF DUNDEE

NOTES TO FINANCIAL STATEMENTS

February 28, 2005

Note 18 Land Transfer Agreement

On January 21, 1992, under Act No. 425 of the Public Acts of Michigan of 1984, the Village of Dundee and Dundee Township approved a land transfer agreement to conditionally transfer Dundee Township property owned by Holnam, Inc. to the Village of Dundee.

This agreement is for the purposes of creating a LDFA district and capturing the taxes on any new construction and for general taxing purposes under the Village's taxing authority and for any other reason or purposes necessary to pay for the extensions of water and sewer services to a designated location to serve the Holnam, Inc. property and any and all costs connected with the extensions and with the sale of bonds, the proceeds from which will be used to pay for the extensions. This agreement shall terminate when the bonds for the water and sewer extensions and any and all costs associated with the extensions and when the issuance of the bonds have been paid in full from taxes captured from the transferred area through the LDFA.

For all other purposes, the property shall remain under the jurisdiction of the Township.

Note 19 Excess of Expenditures over Appropriations

During the year ended February 28, 2005, the Village incurred the following instance of expenditures in excess of the amounts appropriated.

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
Industrial Park/Equipment Purchase Fund	\$5,912,976	\$6,449,951	\$536,975
Parks and Recreation Fund	9,300	9,336	36
Historical Commission	60,775	71,187	10,412
Building Department	91,603	323,661	232,058

Note 20 Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Village has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF DUNDEE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL For the Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes:				
Property taxes	\$1,042,040	\$1,042,040	\$1,006,053	(\$35,987)
Licenses and Permits:				
Business licenses and permits	30,070	30,070	54,276	24,206
State Grants:				
State revenue sharing	225,000	225,000	291,129	66,129
Liquor license fees	5,000	5,000	3,662	(1,338)
	230,000	230,000	294,791	64,791
Fines and Forfeits:				
Fines	13,000	13,000	9,249	(3,751)
Interest and Rentals:				
Interest	16,000	16,000	22,268	6,268
Equipment rental	60,000	60,000	77,980	17,980
	76,000	76,000	100,248	24,248
Other Revenue:				
Other revenue	900	900	3,552	2,652
Total Revenues	1,392,010	1,392,010	1,468,169	76,159
Expenditures				
Legislative:				
Village president and council	20,648	20,648	22,480	(1,832)
General government				
Village manager	75,579	75,579	78,523	(2,944)
Clerk - elections	1,946	1,946	1,228	718
Attorney	11,000	11,000	9,941	1,059
Independent accounting and auditing	7,300	7,300	5,000	2,300
Clerk - staff	145,267	145,267	108,213	37,054
Treasurer	10,489	10,489	7,662	2,827
Village hall and grounds	12,800	12,800	13,676	(876)
Community center	3,000	3,000	0	3,000
	267,381	267,381	224,243	43,138

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE BUDGET AND ACTUAL For the Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures (Concluded)				
Public Safety:				
Police protection	\$224,775	\$224,775	\$224,606	\$169
Fire department	0	0	0	0
Blight inspector	2,640	2,640	1,971	669
Street lights	90,000	90,000	100,688	(10,688)
Building safety - fire warden	1,200	1,200	826	374
	<u>318,615</u>	<u>318,615</u>	<u>328,091</u>	<u>(9,476)</u>
Public Works	222,020	239,020	223,728	15,292
Culture and Recreation:				
Economic development	119,474	119,474	129,576	(10,102)
Insurance (Bonds & Liability)	<u>25,000</u>	<u>25,000</u>	<u>14,106</u>	<u>10,894</u>
Total Expenditures	<u>973,138</u>	<u>990,138</u>	<u>942,224</u>	<u>47,914</u>
Excess (Deficiency) of Revenues over Expenditures	418,872	401,872	525,945	124,073
Other Financing Sources (Uses)				
Operating transfers in	10,000	27,000	5,000	(22,000)
Operating transfers out	<u>(428,872)</u>	<u>(428,872)</u>	<u>(254,422)</u>	<u>174,450</u>
Total Other Financing Sources (Uses)	<u>(418,872)</u>	<u>(401,872)</u>	<u>(249,422)</u>	<u>152,450</u>
Net Change in Fund Balance	0	0	276,523	276,523
Fund Balances - Beginning of Year	<u>0</u>	<u>0</u>	<u>1,598,086</u>	<u>1,598,086</u>
Fund Balances - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$1,874,609</u>	<u>\$1,874,609</u>

See accompanying notes to the basic financial statements

OTHER SUPPLEMENTAL INFORMATION

VILLAGE OF DUNDEE

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES BUDGET AND ACTUAL For the Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Village President and Council:				
President's fees/council fees	\$15,000	\$15,000	\$14,668	\$332
FICA expense	1,148	1,148	1,122	26
Travel/conferences	1,500	1,500	3,181	(1,681)
Telephone	1,800	1,800	1,826	(26)
Miscellaneous	1,200	1,200	1,683	(483)
	20,648	20,648	22,480	(1,832)
Village Manager:				
Manager's salary	46,000	46,000	48,881	(2,881)
FICA expense	3,519	3,519	3,992	(473)
Hospitalization	13,200	13,200	13,866	(666)
Life insurance	360	360	364	(4)
Supplies and postage	2,000	2,000	1,136	864
Capital outlay	0	0	0	0
Conference and seminars	1,500	1,500	836	664
Telephone	4,800	4,800	3,754	1,046
Travel expense	3,300	3,300	3,839	(539)
Dues	400	400	40	360
Miscellaneous	500	500	1,815	(1,315)
	75,579	75,579	78,523	(2,944)
Clerk-Elections	1,946	1,946	1,228	718
Attorney:				
Legal fees	11,000	11,000	9,941	1,059
Independent Accounting and Audit:				
Accounting and auditing fees	7,300	7,300	5,000	2,300
Clerk-Staff:				
Fees elected	2,500	2,500	2,413	87
Wages clerical	50,000	50,000	50,248	(248)
FICA expense	4,017	4,017	4,031	(14)
Hospitalization insurance	37,500	37,500	15,311	22,189
Life insurance	350	350	136	214
Retirement contribution	5,000	5,000	0	5,000
Supplies and postage	15,000	15,000	7,995	7,005
Contractual	3,000	3,000	5,291	(2,291)
Telephone	2,400	2,400	2,725	(325)
Equipment maintenance	5,000	5,000	3,056	1,944

VILLAGE OF DUNDEE

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES BUDGET AND ACTUAL

For the Year Ended February 28, 2005

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Clerk-Staff (concluded)				
Publishing	\$5,500	\$5,500	\$3,830	\$1,670
Conferences and training	1,000	1,000	1,222	(222)
Miscellaneous	450	450	152	298
Dues	2,300	2,300	0	2,300
Travel	250	250	119	131
Capital outlay	11,000	11,000	11,684	(684)
	<u>145,267</u>	<u>145,267</u>	<u>108,213</u>	<u>37,054</u>
Treasurer:				
Treasurer's salary	6,000	6,000	6,000	0
FICA expense	689	689	459	230
Supplies	1,000	1,000	968	32
Tax bill preparation	700	700	235	465
Conferences and training	100	100	0	100
Equipment	2,000	2,000	0	2,000
	<u>10,489</u>	<u>10,489</u>	<u>7,662</u>	<u>2,827</u>
Village Hall and Grounds:				
Utilities	2,800	2,800	2,836	(36)
Repairs and maintenance	10,000	10,000	10,840	(840)
	<u>12,800</u>	<u>12,800</u>	<u>13,676</u>	<u>(876)</u>
Community Center:				
Building maintenance	3,000	3,000	0	3,000
Police Protection:				
Police salaries	4,900	4,900	5,609	(709)
FICA expense	375	375	432	(57)
Contractual services	195,000	195,000	205,172	(10,172)
Legal expenses	5,000	5,000	1,120	3,880
Auto maintenance	6,000	6,000	2,516	3,484
Gas and oil	6,000	6,000	5,559	441
Radio maintenance	500	500	763	(263)
Telephone	1,500	1,500	2,163	(663)
Office supplies	5,000	5,000	0	5,000
Miscellaneous	500	500	1,272	(772)
	<u>224,775</u>	<u>224,775</u>	<u>224,606</u>	<u>169</u>
Fire Department:				
Contractual services - Dundee Township	0	0	0	0

VILLAGE OF DUNDEE

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES BUDGET AND ACTUAL

For the Year Ended February 28, 2005
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Blight Inspector:				
Fees	\$1,800	\$1,800	\$1,800	\$0
FICA expense	140	140	138	2
Supplies	100	100	33	67
Travel	600	600	0	600
	<u>2,640</u>	<u>2,640</u>	<u>1,971</u>	<u>669</u>
Street Lighting:				
Street lights	90,000	90,000	100,688	(10,688)
Building Safety - Fire Warden:				
Inspectors' fees	650	650	642	8
FICA expense	50	50	49	1
Supplies	500	500	135	365
	<u>1,200</u>	<u>1,200</u>	<u>826</u>	<u>374</u>
Public Works:				
Maintenance wages	80,000	80,000	73,569	6,431
FICA expense	6,120	6,120	5,628	492
Hospitalization insurance	51,000	51,000	22,617	28,383
Life insurance	500	500	192	308
Uniform expense	1,800	1,800	1,881	(81)
Telephone	4,000	4,000	4,281	(281)
Utilities	3,000	3,000	2,402	598
Building maintenance	6,000	6,000	2,049	3,951
Equipment maintenance	15,000	15,000	16,809	(1,809)
Engineering	500	500	1,446	(946)
Conferences and Training	600	600	119	481
Tree trimming & tree purchases	25,000	25,000	46,279	(21,279)
Sanitation	1,000	1,000	1,120	(120)
Miscellaneous	1,300	1,300	2,863	(1,563)
New equipment	14,000	31,000	33,162	(2,162)
Office supplies	1,200	1,200	1,067	133
Retirement	5,000	5,000	0	5,000
Gas and Oil	6,000	6,000	8,244	(2,244)
	<u>222,020</u>	<u>239,020</u>	<u>223,728</u>	<u>15,292</u>

VILLAGE OF DUNDEE

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES BUDGET AND ACTUAL

For the Year Ended February 28, 2005

(Concluded)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Economic Development:				
Contractual services	\$29,424	\$29,424	\$36,902	(\$7,478)
Conferences and training	600	600	0	600
Community promotion	20,000	20,000	15,893	4,107
Legal	10,000	10,000	32,467	(22,467)
Engineering	20,000	20,000	4,123	15,877
Dues	1,000	1,000	3,580	(2,580)
Contribution to MCIDC	2,500	2,500	2,500	0
Grounds	25,000	25,000	27,252	(2,252)
Supplies	800	800	231	569
Postage	100	100	0	100
Telephone	50	50	0	50
Publishing	1,500	1,500	60	1,440
Travel	500	500	198	302
Advertising	6,500	6,500	6,370	130
Miscellaneous	500	500	0	500
Equipment	1,000	1,000	0	1,000
	<u>119,474</u>	<u>119,474</u>	<u>129,576</u>	<u>(10,102)</u>
Insurance (Bonds & Liability)	<u>25,000</u>	<u>25,000</u>	<u>14,106</u>	<u>10,894</u>
Total Expenditures	<u>\$973,138</u>	<u>\$990,138</u>	<u>\$942,224</u>	<u>\$47,914</u>

VILLAGE OF DUNDEE

INDUSTRIAL PARK/EQUIPMENT PURCHASE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Interest	\$3,000	\$3,000	\$4,051	\$1,051
Federal grant	5,638,376	5,638,376	5,517,679	(120,697)
State grant	0	0	203,877	203,877
Total Revenues	5,641,376	5,641,376	5,725,607	84,231
Expenditures:				
Capital Outlay:				
Village hall and community center	5,000	5,000	1,925	3,075
Department of public works	10,000	10,000	0	10,000
Water, sewer and road system expansion	5,813,376	5,813,376	3,167,726	2,645,650
Audit	3,000	3,000	2,800	200
Property purchase	0	0	3,268,000	(3,268,000)
Police services	0	0	0	0
Building improvements	81,600	81,600	9,500	72,100
Total Expenditures	5,912,976	5,912,976	6,449,951	(536,975)
Excess (Deficiency) of Revenues over Expenditures	(271,600)	(271,600)	(724,344)	(452,744)
Other Financing Sources (Uses):				
Bond / loan proceeds	155,000	155,000	3,522,492	3,367,492
Operating transfers in	56,600	56,600	23,300	(33,300)
Operating transfers out	0	0	(2,044,231)	(2,044,231)
Total Other Financing Sources (Uses)	211,600	211,600	1,501,561	1,289,961
Net Change in Fund Balance	(60,000)	(60,000)	777,217	837,217
Fund Balance - Beginning of Year	60,000	60,000	445,144	385,144
Fund Balance - End of Year	\$0	\$0	\$1,222,361	\$1,222,361

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

February 28, 2005

	Nonmajor Special Revenue Funds			
	Municipal Street	Major Street	Local Street	Parks and Recreation
Assets				
Cash and money management accounts	\$539,825	\$147,244	\$67,198	\$1,867
Receivables:				
Other	0	0	0	0
Delinquent taxes	35,292	0	0	0
Special assessments	0	0	0	0
Due from other funds	4,217	0	0	0
Total Assets	\$579,334	\$147,244	\$67,198	\$1,867
Liabilities				
Accounts payable/retainage	\$0	\$2,219	\$2,070	\$311
Accrued wages	0	900	466	0
Due to other funds	0	17,194	9,834	0
Deferred revenues	0	0	0	0
Total Liabilities	0	20,313	12,370	311
Fund Balance				
Reserved for capital improvements	0	0	0	0
Reserved for debt service	0	0	0	0
Unreserved	579,334	126,931	54,828	1,556
Total Fund Balances	579,334	126,931	54,828	1,556
Total Liabilities and Fund Balances	\$579,334	\$147,244	\$67,198	\$1,867

Nonmajor Capital Improvement Funds			
Historical Commission	Building Department	Economic Development	Sewer Separation and Street Rehabilitation
\$5,186	\$196,051	\$126,775	\$15,069
0	3,214	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>\$5,186</u>	<u>\$199,265</u>	<u>\$126,775</u>	<u>\$15,069</u>
\$1,166	\$29,512	\$0	\$1,395
0	26,791	0	0
0	15,150	0	0
0	31,048	0	0
<u>1,166</u>	<u>102,501</u>	<u>0</u>	<u>1,395</u>
0	0	126,775	13,674
0	0	0	0
4,020	96,764	0	0
<u>4,020</u>	<u>96,764</u>	<u>126,775</u>	<u>13,674</u>
<u>\$5,186</u>	<u>\$199,265</u>	<u>\$126,775</u>	<u>\$15,069</u>

Nonmajor Debt Service

1989 Special Assessment Bonds	1993 Special Assessment Bonds	1993 G.O. Bonds	1993 MTF Bonds	1994 DDA LTGO Bonds	1995 Installment Loan	1996 MTF Bonds	1996 Special Assessment Bonds	1998 G.O. Bonds	1998 Special Assessment Bonds
\$3,581	\$34,371	\$4,816	\$1,126	\$981	\$0	\$1,233	\$4,000	\$3,913	\$17,932
0	0	0	0	0	0	0	0	0	0
0	2,883	0	0	0	0	0	0	0	5,586
0	84,310	0	0	0	0	0	7,000	0	252,405
0	2,275	0	0	0	0	0	0	0	0
<u>\$3,581</u>	<u>\$123,839</u>	<u>\$4,816</u>	<u>\$1,126</u>	<u>\$981</u>	<u>\$0</u>	<u>\$1,233</u>	<u>\$11,000</u>	<u>\$3,913</u>	<u>\$275,923</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0	0
0	15,000	0	0	0	0	0	0	0	0
0	66,373	0	0	0	0	0	0	0	220,854
0	81,373	0	0	0	0	0	0	0	220,854
0	0	0	0	0	0	0	0	0	0
3,581	42,466	4,816	1,126	981	0	1,233	11,000	3,913	55,069
0	0	0	0	0	0	0	0	0	0
<u>3,581</u>	<u>42,466</u>	<u>4,816</u>	<u>1,126</u>	<u>981</u>	<u>0</u>	<u>1,233</u>	<u>11,000</u>	<u>3,913</u>	<u>55,069</u>
<u>\$3,581</u>	<u>\$123,839</u>	<u>\$4,816</u>	<u>\$1,126</u>	<u>\$981</u>	<u>\$0</u>	<u>\$1,233</u>	<u>\$11,000</u>	<u>\$3,913</u>	<u>\$275,923</u>

nds

1999 Special Assessment Bonds	1999 Installment Loan	2000 Special Assessment Bonds	2000 Installment Loan	2001 Installment Loan	2001 Special Assessment Bonds	2004 Installment Purchase	2004 Special Assessment Bonds	2004 Promissory Note	Total Nonmajor Governmental Funds
\$13,929	\$0	\$47,483	\$0	\$0	\$60,073	\$0	\$6,378	\$0	\$1,299,031
0	0	0	0	0	0	0	0	0	3,214
10,051	0	0	0	0	0	0	11,748	0	65,560
151,850	0	180,000	0	0	127,884	0	139,499	0	942,948
7,294	0	0	0	0	0	0	0	0	13,786
<u>\$183,124</u>	<u>\$0</u>	<u>\$227,483</u>	<u>\$0</u>	<u>\$0</u>	<u>\$187,957</u>	<u>\$0</u>	<u>\$157,625</u>	<u>\$0</u>	<u>\$2,324,539</u>
\$5,000	\$0	\$0	\$0	\$0	\$263	\$0	\$0	\$0	\$41,936
0	0	0	0	0	0	0	0	0	28,157
0	0	0	0	0	0	0	10,000	0	67,178
113,887	0	150,000	0	0	116,977	0	123,999	0	823,138
118,887	0	150,000	0	0	117,240	0	133,999	0	960,409
0	0	0	0	0	0	0	0	0	140,449
64,237	0	77,483	0	0	70,717	0	23,626	0	360,248
0	0	0	0	0	0	0	0	0	863,433
64,237	0	77,483	0	0	70,717	0	23,626	0	1,364,130
<u>\$183,124</u>	<u>\$0</u>	<u>\$227,483</u>	<u>\$0</u>	<u>\$0</u>	<u>\$187,957</u>	<u>\$0</u>	<u>\$157,625</u>	<u>\$0</u>	<u>\$2,324,539</u>

VILLAGE OF DUNDEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

February 28, 2005

	Nonmajor Special Revenue Funds				
	Municipal Street	Major Street	Local Street	Parks and Recreation	Historical Commission
Revenues:					
Taxes	\$434,434	\$0	\$0	\$0	\$0
Special assessments	0	0	0	0	0
State grants	0	170,464	62,374	0	0
Interest and rentals	3,871	645	232	2	7,553
Licenses and permits	0	0	0	0	0
Program income	0	0	0	5,361	0
Other revenues	0	0	0	0	5,740
Total Revenues	438,305	171,109	62,606	5,363	13,293
Expenditures:					
Public safety	0	0	0	0	0
Public works	28,089	159,031	101,313	0	0
Culture and recreation	0	0	0	9,336	71,187
Capital outlay	0	0	0	0	0
Debt service	0	0	0	0	0
Total Expenditures	28,089	159,031	101,313	9,336	71,187
Excess (Deficiency) of Revenues over Expenditures	410,216	12,078	(38,707)	(3,973)	(57,894)
Other Financing Sources (Uses):					
Operating transfers in	0	60,000	45,000	4,500	64,500
Operating transfers (out)	(226,531)	(53,735)	0	0	(5,570)
Total Other Financing Sources (Uses)	(226,531)	6,265	45,000	4,500	58,930
Net Change in Fund Balances	183,685	18,343	6,293	527	1,036
Fund Balances - Beginning of Year	395,649	108,588	48,535	1,029	2,984
Fund Balances - End of Year	\$579,334	\$126,931	\$54,828	\$1,556	\$4,020

Nonmajor Capital Improvement Funds		
Building Department	Economic Development	Sewer Separation and Street Rehabilitation
\$0	\$0	\$0
0	0	0
0	0	0
1,346	1,398	23
227,334	0	0
0	0	0
21,917	0	0
250,597	1,398	23
323,661	0	0
0	0	0
0	0	0
0	0	0
0	0	0
323,661	0	0
(73,064)	1,398	23
0	17,857	0
(10,547)	0	0
(10,547)	17,857	0
(83,611)	19,255	23
180,375	107,520	13,651
<u>\$96,764</u>	<u>\$126,775</u>	<u>\$13,674</u>

Nonmajor Debt Service

1989 Special Assessment Bonds	1993 Special Assessment Bonds	1993 G.O. Bonds	1993 MTF Bonds	1994 DDA LTGO Bonds	1995 Installment Loan	1996 MTF Bonds	1996 Special Assessment Bonds	1998 G.O. Bonds	1998 Special Assessment Bonds
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	23,844	0	0	0	0	0	7,000	0	31,551
0	0	0	0	0	0	0	0	0	0
10	6,626	21	34	39	0	15	946	12	17,029
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
10	30,470	21	34	39	0	15	7,946	12	48,580
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	57,112	44,716	31,795	164,296	5,570	21,940	7,838	8,960	49,606
0	57,112	44,716	31,795	164,296	5,570	21,940	7,838	8,960	49,606
10	(26,642)	(44,695)	(31,761)	(164,257)	(5,570)	(21,925)	108	(8,948)	(1,026)
0	0	44,702	31,795	164,381	5,570	21,940	0	9,200	0
0	0	0	0	0	0	0	0	0	0
0	0	44,702	31,795	164,381	5,570	21,940	0	9,200	0
10	(26,642)	7	34	124	0	15	108	252	(1,026)
3,571	69,108	4,809	1,092	857	0	1,218	10,892	3,661	56,095
<u>\$3,581</u>	<u>\$42,466</u>	<u>\$4,816</u>	<u>\$1,126</u>	<u>\$981</u>	<u>\$0</u>	<u>\$1,233</u>	<u>\$11,000</u>	<u>\$3,913</u>	<u>\$55,069</u>

Funds

1999 Special Assessment Bonds	1999 Installment Loan	2000 Special Assessment Bonds	2000 Installment Loan	2001 Installment Loan	2001 Special Assessment Bonds	2004 Installment Purchase	2004 Special Assessment Bonds	2004 Promissory Note	Total Nonmajor Governmental Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$434,434
37,962	0	30,000	0	0	13,905	0	31,000	0	175,262
0	0	0	0	0	0	0	0	0	232,838
10,453	0	13,277	0	0	8,085	0	4,651	0	76,268
0	0	0	0	0	0	0	0	0	227,334
0	0	0	0	0	0	0	0	0	5,361
0	0	0	0	0	0	0	0	0	27,657
48,415	0	43,277	0	0	21,990	0	35,651	0	1,179,154
0	0	0	0	0	0	0	0	0	323,661
0	0	0	0	0	0	0	0	0	288,433
0	0	0	0	0	0	0	0	0	80,523
0	0	0	0	0	0	0	0	0	0
48,635	11,963	46,677	7,399	7,503	24,261	10,547	12,025	99,492	660,335
48,635	11,963	46,677	7,399	7,503	24,261	10,547	12,025	99,492	1,352,952
(220)	(11,963)	(3,400)	(7,399)	(7,503)	(2,271)	(10,547)	23,626	(99,492)	(173,798)
0	11,963	0	7,399	7,503	0	10,547	0	99,492	606,349
0	0	0	0	0	0	0	0	0	(296,383)
0	11,963	0	7,399	7,503	0	10,547	0	99,492	309,966
(220)	0	(3,400)	0	0	(2,271)	0	23,626	0	136,168
64,457	0	80,883	0	0	72,988	0	0	0	1,227,962
\$64,237	\$0	\$77,483	\$0	\$0	\$70,717	\$0	\$23,626	\$0	\$1,364,130

VILLAGE OF DUNDEE

MUNICIPAL STREET FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

For the Fiscal Year Ended February 28, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$442,800	\$442,800	\$434,434	(\$8,366)
Interest	1,600	1,600	3,871	2,271
Other income	20,000	20,000	0	(20,000)
Total Revenues	464,400	464,400	438,305	(26,095)
Expenditures:				
Public works:				
Construction	110,115	110,115	27,489	82,626
Administration and Engineering	700	700	600	100
Total Expenditures	110,815	110,815	28,089	82,726
Excess (Deficiency) of Revenues over Expenditures	353,585	353,585	410,216	56,631
Other Financing Sources (Uses):				
Operating transfers out	(353,585)	(353,585)	(226,531)	127,054
Net Change in Fund Balance	0	0	183,685	183,685
Fund Balance - Beginning of Year	395,649	395,649	395,649	0
Fund Balance - End of Year	<u>\$395,649</u>	<u>\$395,649</u>	<u>\$579,334</u>	<u>\$183,685</u>

VILLAGE OF DUNDEE

MAJOR STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
State grants:				
Gas and weight tax	\$145,000	\$145,000	\$170,464	\$25,464
Interest	400	400	645	245
Total Revenues	145,400	145,400	171,109	25,709
Expenditures:				
Public works:				
Construction	58,960	50,960	809	50,151
Routing maintenance - roads and streets	82,300	90,300	101,898	(11,598)
Traffic services - maintenance	7,077	7,077	2,216	4,861
Winter maintenance	15,133	15,133	20,497	(5,364)
Roadside parks and parkways	28,866	28,866	20,947	7,919
Administration, engineering and recordkeeping	17,840	17,840	12,664	5,176
Total Expenditures	210,176	210,176	159,031	51,145
Excess (Deficiency) of Revenues over Expenditures	(64,776)	(64,776)	12,078	76,854
Other Financing Sources (Uses):				
Operating transfers in	118,511	118,511	60,000	(58,511)
Operating transfers out	(53,735)	(53,735)	(53,735)	0
Total Other Financing Sources (Uses)	64,776	64,776	6,265	(58,511)
Net Change in Fund Balance	0	0	18,343	18,343
Fund Balance - Beginning of Year	108,588	108,588	108,588	0
Fund Balance - End of Year	\$108,588	\$108,588	\$126,931	\$18,343

VILLAGE OF DUNDEE

LOCAL STREET FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

For the Fiscal Year Ended February 28, 2005

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State grants:				
Gas and weight tax	\$55,000	\$55,000	\$62,374	\$7,374
Interest	100	100	232	132
Total Revenues	55,100	55,100	62,606	7,506
Expenditures:				
Public works:				
Construction - contractual services	27,865	20,565	14,609	5,956
Routing maintenance - roads and streets	70,030	77,330	60,930	16,400
Traffic services - maintenance	2,425	2,425	336	2,089
Winter maintenance	9,300	9,300	12,061	(2,761)
Administration, engineering and recordkeeping	6,600	6,600	13,377	(6,777)
Total Expenditures	116,220	116,220	101,313	14,907
Excess (Deficiency) of Revenues over Expenditures	(61,120)	(61,120)	(38,707)	22,413
Other Financing Sources (Uses):				
Operating transfers in	61,120	61,120	45,000	(16,120)
Net Change in Fund Balance	0	0	6,293	6,293
Fund Balance - Beginning of Year	48,535	48,535	48,535	0
Fund Balance - End of Year	<u>\$48,535</u>	<u>\$48,535</u>	<u>\$54,828</u>	<u>\$6,293</u>

VILLAGE OF DUNDEE

PARKS AND RECREATION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest and rentals:				
Interest	\$2	\$2	\$2	\$0
Program income	6,000	6,000	5,361	(639)
Total Revenues	6,002	6,002	5,363	(639)
Expenditures:				
Culture and Recreation:				
Audit fees	300	300	400	(100)
Building maintenance	2,000	2,000	2,725	(725)
Programs	6,000	6,000	5,992	8
Park maintenance	0	0	30	(30)
Sanitation	1,000	1,000	189	811
Total Expenditures	9,300	9,300	9,336	(36)
Excess (Deficiency) of Revenues over Expenditures	(3,298)	(3,298)	(3,973)	(675)
Other Financing Sources (Uses):				
Operating transfers in	3,298	3,298	4,500	1,202
Net Change in Fund Balance	0	0	527	527
Fund Balance - Beginning of Year	1,029	1,029	1,029	0
Fund Balance - End of Year	<u>\$1,029</u>	<u>\$1,029</u>	<u>\$1,556</u>	<u>\$527</u>

VILLAGE OF DUNDEE

HISTORICAL COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest and rentals:				
Interest	\$5	\$5	\$3	(\$2)
Rentals	4,000	4,000	7,550	3,550
Other income	5,540	5,540	5,740	200
Total Revenues	9,545	9,545	13,293	3,748
Expenditures:				
Culture and Recreation:				
Wages	12,053	12,053	10,297	1,756
FICA expense	922	922	788	134
Professional services	300	300	400	(100)
Telephone & utilities	11,500	11,500	14,561	(3,061)
Community promotion	0	0	1,560	(1,560)
Building maintenance	25,000	33,000	40,868	(7,868)
Sanitation	3,000	3,000	2,713	287
Total Expenditures	52,775	60,775	71,187	(10,412)
Excess (Deficiency) of Revenues over Expenditures	(43,230)	(51,230)	(57,894)	(6,664)
Other Financing Sources (Uses):				
Operating transfers in	48,372	56,372	64,500	8,128
Operating transfers out	(5,142)	(5,142)	(5,570)	(428)
Total Other Financing Sources (Uses)	43,230	51,230	58,930	7,700
Net Change in Fund Balance	0	0	1,036	1,036
Fund Balance - Beginning of Year	2,984	2,984	2,984	0
Fund Balance - End of Year	<u>\$2,984</u>	<u>\$2,984</u>	<u>\$4,020</u>	<u>\$1,036</u>

VILLAGE OF DUNDEE

BUILDING DEPARTMENT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Building fees	\$76,850	\$76,850	\$147,016	\$70,166
Electrical fees	8,000	8,000	31,848	23,848
Plumbing fees	7,000	7,000	21,105	14,105
Mechanical fees	9,000	9,000	24,290	15,290
Zoning board authority fees	200	200	3,075	2,875
Interest	500	500	1,346	846
Miscellaneous income	600	600	21,917	21,317
Total Revenues	102,150	102,150	250,597	148,447
Expenditures:				
Public safety				
Building department expenses	1,000	1,000	7,011	(6,011)
Village manager	22,757	22,757	22,304	453
Village clerk	0	0	46	(46)
Building inspector	32,289	32,289	104,061	(71,772)
Electrical inspector	6,709	6,709	23,978	(17,269)
Dangerous building hearing officer	366	366	155	211
Mechanical inspector	7,100	7,100	27,829	(20,729)
Plumbing inspector	7,100	7,100	25,035	(17,935)
Engineer	0	0	61,184	(61,184)
Zoning board of appeals	1,827	1,827	2,024	(197)
Planning commission	12,455	12,455	50,034	(37,579)
Total Expenditures	91,603	91,603	323,661	(232,058)
Excess (Deficiency) of Revenues over Expenditures	10,547	10,547	(73,064)	(83,611)
Other Financing Sources (Uses):				
Operating transfers out	(10,547)	(10,547)	(10,547)	0
Net Change in Fund Balance	0	0	(83,611)	(83,611)
Fund Balance - Beginning of Year	180,375	180,375	180,375	0
Fund Balance - End of Year	<u>\$180,375</u>	<u>\$180,375</u>	<u>\$96,764</u>	<u>(\$83,611)</u>

VILLAGE OF DUNDEE

ECONOMIC DEVELOPMENT CORPORATION - CONSTRUCTION FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended February 28, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	<u>\$500</u>	<u>\$500</u>	<u>\$1,398</u>	<u>\$898</u>
Total Revenues	<u>500</u>	<u>500</u>	<u>1,398</u>	<u>898</u>
Expenditures:				
Capital outlay	<u>17,490</u>	<u>17,490</u>	<u>0</u>	<u>17,490</u>
Total Expenditures	<u>17,490</u>	<u>17,490</u>	<u>0</u>	<u>17,490</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(16,990)</u>	<u>(16,990)</u>	<u>1,398</u>	<u>18,388</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>16,990</u>	<u>16,990</u>	<u>17,857</u>	<u>867</u>
Net Change in Fund Balance	<u>0</u>	<u>0</u>	<u>19,255</u>	<u>19,255</u>
Fund Balance - Beginning of Year	<u>107,520</u>	<u>107,520</u>	<u>107,520</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$107,520</u></u>	<u><u>\$107,520</u></u>	<u><u>\$126,775</u></u>	<u><u>\$19,255</u></u>

VILLAGE OF DUNDEE

SEWER SEPARATION AND STREET REHABILITATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$30	\$30	\$23	(\$7)
Expenditures:	0	0	0	0
Net Change in Fund Balance	30	30	23	(7)
Fund Balance - Beginning of Year	13,651	13,651	13,651	0
Fund Balance - End of Year	<u>\$13,681</u>	<u>\$13,681</u>	<u>\$13,674</u>	<u>(\$7)</u>

GENERAL DEBT SERVICE FUNDS

General Debt Service Funds

To account for payments of interest and principal on long-term general obligation debt other than that payable by an enterprise fund. There are nineteen (19) debt service funds to account for:

1. 1989 Special Assessment Street Improvement Bonds
2. 1993 Special Assessment Street Bonds
3. 1993 General Obligation
4. 1993 Michigan Transportation Fund Bonds
5. 1994 Downtown Development Authority Bonds
6. 1995 Installment Loan
7. 1996 Michigan Transportation Fund Bonds
8. 1996 Special Assessment Bonds (Outer Drive Drainage)
9. 1998 General Obligation Bonds
10. 1998 Special Assessment Bonds (Stowell/Commerce)
11. 1999 Special Assessment Bonds (Oak/Waterstradt)
12. 1999 Installment Loan
13. 2000 Special Assessment Bonds (Industrial Complex)
14. 2000 Installment Loan (Monroe Bank & Trust)
15. 2001 Ford Installment Loan
16. 2001 Special Assessment Bonds (Rawson Street)
17. 2004 Installment Purchase (141 Riley)
18. 2004 Special Assessment (First Street)
19. 2004 Promissory Note (Monroe Bank & Trust Land Development Agreement)

VILLAGE OF DUNDEE

1989 SPECIAL ASSESSMENT STREET IMPROVEMENT BONDSS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$0	\$0	\$10	\$10
Expenditures:	0	0	0	0
Net Change in Fund Balance	0	0	10	10
Fund Balance - Beginning of Year	3,571	3,571	3,571	0
Fund Balance - End of Year	<u>\$3,571</u>	<u>\$3,571</u>	<u>\$3,581</u>	<u>\$10</u>

VILLAGE OF DUNDEE

1993 SPECIAL ASSESSMENT BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Special assessment	\$20,300	\$19,500	\$23,844	\$4,344
Interest	8,390	7,350	6,626	(724)
Total Revenues	28,690	26,850	30,470	3,620
Expenditures:				
Debt service:				
Principal	50,000	50,000	50,000	0
Interest	9,250	6,713	6,712	1
Agent fees	420	420	400	20
Total Expenditures	59,670	57,133	57,112	21
Net Change in Fund Balance	(30,980)	(30,283)	(26,642)	3,641
Fund Balance - Beginning of Year	69,108	69,108	69,108	0
Fund Balance - End of Year	<u>\$38,128</u>	<u>\$38,825</u>	<u>\$42,466</u>	<u>\$3,641</u>

VILLAGE OF DUNDEE

1993 GENERAL OBLIGATION BONDS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$30	\$15	\$21	\$6
Expenditures:				
Debt service:				
Principal	30,000	35,000	35,000	0
Interest	10,968	9,316	9,316	0
Agent fees	400	400	400	0
Total Expenditures	41,368	44,716	44,716	0
Excess (Deficiency) of Revenues over Expenditures	(41,338)	(44,701)	(44,695)	6
Other Financing Sources (Uses):				
Operating transfers in	41,338	44,702	44,702	0
Net Change in Fund Balance	0	1	7	6
Fund Balance - Beginning of Year	4,809	4,809	4,809	0
Fund Balance - End of Year	<u>\$4,809</u>	<u>\$4,810</u>	<u>\$4,816</u>	<u>\$6</u>

VILLAGE OF DUNDEE

1993 MICHIGAN TRANSPORTATION FUND (MTF) BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$10	\$5	\$34	\$29
Expenditures:				
Debt service:				
Principal	20,000	25,000	25,000	0
Interest	7,510	6,395	6,395	0
Agent fees	400	400	400	0
Total Expenditures	27,910	31,795	31,795	0
Excess (Deficiency) of Revenues over Expenditures	(27,900)	(31,790)	(31,761)	29
Other Financing Sources (Uses):				
Operating transfers in	27,900	31,795	31,795	0
Net Change in Fund Balance	0	5	34	29
Fund Balance - Beginning of Year	1,092	1,092	1,092	0
Fund Balance - End of Year	<u>\$1,092</u>	<u>\$1,097</u>	<u>\$1,126</u>	<u>\$29</u>

VILLAGE OF DUNDEE

1994 DOWNTOWN DEVELOPMENT AUTHORITY (LTGO) BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$39	\$39	\$39	\$0
Expenditures:				
Debt service:				
Principal	95,000	95,000	95,000	0
Interest	69,046	69,046	69,046	0
Agent fees	374	374	250	124
Total Expenditures	164,420	164,420	164,296	124
Excess (Deficiency) of Revenues over Expenditures	(164,381)	(164,381)	(164,257)	124
Other Financing Sources (Uses):				
Operating transfers in	164,381	164,381	164,381	0
Net Change in Fund Balance	0	0	124	124
Fund Balance - Beginning of Year	857	857	857	0
Fund Balance - End of Year	<u>\$857</u>	<u>\$857</u>	<u>\$981</u>	<u>\$124</u>

VILLAGE OF DUNDEE

1995 INSTALLMENT LOAN (MB&T)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$0	\$0	\$0	\$0
Expenditures:				
Debt service:				
Principal	5,154	5,154	5,154	0
Interest	416	416	416	0
Total Expenditures	5,570	5,570	5,570	0
Excess (Deficiency) of Revenues over Expenditures	(5,570)	(5,570)	(5,570)	0
Other Financing Sources (Uses):				
Operating transfers in	5,570	5,570	5,570	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0	\$0

VILLAGE OF DUNDEE

1996 MICHIGAN TRANSPORTATION FUND (MTF) BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$5	\$5	\$15	\$10
Expenditures:				
Debt service:				
Principal	20,000	20,000	20,000	0
Interest	2,705	1,640	1,640	0
Agent fees	300	300	300	0
Total Expenditures	23,005	21,940	21,940	0
Excess (Deficiency) of Revenues over Expenditures	(23,000)	(21,935)	(21,925)	10
Other Financing Sources (Uses):				
Operating transfers in	23,000	21,940	21,940	0
Net Change in Fund Balance	0	5	15	10
Fund Balance - Beginning of Year	1,218	1,218	1,218	0
Fund Balance - End of Year	<u>\$1,218</u>	<u>\$1,223</u>	<u>\$1,233</u>	<u>\$10</u>

VILLAGE OF DUNDEE

1996 SPECIAL ASSESSMENT BONDS (OUTER DRIVE DRAINAGE)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Special assessment	\$7,000	\$7,000	\$7,000	\$0
Interest	1,396	949	946	(3)
Total Revenues	8,396	7,949	7,946	(3)
Expenditures:				
Debt service:				
Principal	7,000	7,000	7,000	0
Interest	980	588	588	0
Agent fees	250	250	250	0
Total Expenditures	8,230	7,838	7,838	0
Net Change in Fund Balance	166	111	108	(3)
Fund Balance - Beginning of Year	10,892	10,892	10,892	0
Fund Balance - End of Year	<u>\$11,058</u>	<u>\$11,003</u>	<u>\$11,000</u>	<u>(\$3)</u>

VILLAGE OF DUNDEE

1998 GENERAL OBLIGATION BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$20	\$10	\$12	\$2
Expenditures:				
Debt service:				
Principal	5,000	5,000	5,000	0
Interest	4,208	3,960	3,960	0
Agent fees	250	250	0	250
Total Expenditures	9,458	9,210	8,960	250
Excess (Deficiency) of Revenues over Expenditures	(9,438)	(9,200)	(8,948)	252
Other Financing Sources (Uses):				
Operating transfers in	9,438	9,200	9,200	0
Net Change in Fund Balance	0	0	252	252
Fund Balance - Beginning of Year	3,661	3,661	3,661	0
Fund Balance - End of Year	<u>\$3,661</u>	<u>\$3,661</u>	<u>\$3,913</u>	<u>\$252</u>

VILLAGE OF DUNDEE

1998 SPECIAL ASSESSMENT BONDS (STOWELL/COMMERCE)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Special assessment	\$31,551	\$31,551	\$31,551	\$0
Interest	18,945	16,973	17,029	56
Total Revenues	50,496	48,524	48,580	56
Expenditures:				
Debt service:				
Principal	35,000	35,000	35,000	0
Interest	16,335	14,603	14,603	0
Agent fees	410	400	3	397
Total Expenditures	51,745	50,003	49,606	397
Net Change in Fund Balance	(1,249)	(1,479)	(1,026)	453
Fund Balance - Beginning of Year	56,095	56,095	56,095	0
Fund Balance - End of Year	<u>\$54,846</u>	<u>\$54,616</u>	<u>\$55,069</u>	<u>\$453</u>

VILLAGE OF DUNDEE

1999 SPECIAL ASSESSMENT BONDS (OAK/WATERSTRADT)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special assessment	\$37,962	\$37,962	\$37,962	\$0
Interest	12,543	10,452	10,453	1
Total Revenues	50,505	48,414	48,415	1
Expenditures:				
Debt service:				
Principal	40,000	40,000	40,000	0
Interest	10,060	8,360	8,360	0
Agent fees	285	295	275	20
Total Expenditures	50,345	48,655	48,635	20
Net Change in Fund Balance	160	(241)	(220)	21
Fund Balance - Beginning of Year	64,457	64,457	64,457	0
Fund Balance - End of Year	<u>\$64,617</u>	<u>\$64,216</u>	<u>\$64,237</u>	<u>\$21</u>

VILLAGE OF DUNDEE

1999 INSTALLMENT LOAN (MB & T)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Debt service:				
Principal	11,000	11,000	11,000	0
Interest	963	963	963	0
Total Expenditures	11,963	11,963	11,963	0
Excess (Deficiency) of Revenues over Expenditures	(11,963)	(11,963)	(11,963)	0
Other Financing Sources (Uses):				
Operating transfers in	11,963	11,963	11,963	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

VILLAGE OF DUNDEE

2000 SPECIAL ASSESSMENT BONDS (INDUSTRIAL COMPLEX)

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special assessment	\$30,000	\$30,000	\$30,000	\$0
Interest	14,984	13,086	13,277	191
Total Revenues	44,984	43,086	43,277	191
Expenditures:				
Debt service:				
Principal	30,000	35,000	35,000	0
Interest	12,915	11,403	11,402	1
Agent fees	315	315	275	40
Total Expenditures	43,230	46,718	46,677	41
Net Change in Fund Balance	1,754	(3,632)	(3,400)	232
Fund Balance - Beginning of Year	80,883	80,883	80,883	0
Fund Balance - End of Year	<u>\$82,637</u>	<u>\$77,251</u>	<u>\$77,483</u>	<u>\$232</u>

VILLAGE OF DUNDEE

2000 INSTALLMENT LOAN (MB&T)

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

For the Fiscal Year Ended February 28, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Debt service:				
Principal	6,000	6,000	6,000	0
Interest	1,399	1,399	1,399	0
Total Expenditures	7,399	7,399	7,399	0
Excess (Deficiency) of Revenues over Expenditures	(7,399)	(7,399)	(7,399)	0
Other Financing Sources (Uses):				
Operating transfers in	7,399	7,399	7,399	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

VILLAGE OF DUNDEE

2001 FORD INSTALLMENT LOAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Debt service:				
Principal	7,503	7,503	7,503	0
Excess (Deficiency) of Revenues over Expenditures	(7,503)	(7,503)	(7,503)	0
Other Financing Sources (Uses):				
Operating transfers in	7,503	7,503	7,503	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

VILLAGE OF DUNDEE

2001 SPECIAL ASSESSMENT BONDS (RAWSON STREET)

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended February 28, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Special assessment	\$10,907	\$10,907	\$13,905	\$2,998
Interest	8,622	7,878	8,085	207
Total Revenues	19,529	18,785	21,990	3,205
Expenditures:				
Debt service:				
Principal	10,000	15,000	15,000	0
Interest	9,568	9,012	9,011	1
Agent fees	275	270	250	20
Total Expenditures	19,843	24,282	24,261	21
Excess (Deficiency) of Revenues over Expenditures	(314)	(5,497)	(2,271)	3,226
Other Financing Sources (Uses):				
Operating transfers out	(12,000)	0	0	0
Net Change in Fund Balance	(12,314)	(5,497)	(2,271)	3,226
Fund Balance - Beginning of Year	72,988	72,988	72,988	0
Fund Balance - End of Year	<u>\$60,674</u>	<u>\$67,491</u>	<u>\$70,717</u>	<u>\$3,226</u>

VILLAGE OF DUNDEE

2004 INSTALLMENT PURCHASE (MB & T)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Debt service:				
Principal	6,557	6,557	6,559	(2)
Interest	3,990	3,990	3,988	2
Total Expenditures	10,547	10,547	10,547	0
Excess (Deficiency) of Revenues over Expenditures	(10,547)	(10,547)	(10,547)	0
Other Financing Sources (Uses):				
Operating transfers in	10,547	10,547	10,547	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0	\$0

VILLAGE OF DUNDEE

2004 SPECIAL ASSESSMENT BONDS (FIRST STREET)

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended February 28, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Special assessment	\$0	\$15,500	\$31,000	\$15,500
Interest	0	1,008	4,651	3,643
Total Revenues	0	16,508	35,651	19,143
Expenditures:				
Debt service:				
Principal	0	10,000	10,000	0
Interest	0	5,000	2,000	3,000
Agent fees	0	500	25	475
Total Expenditures	0	15,500	12,025	3,475
Net Change in Fund Balance	0	1,008	23,626	22,618
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	<u>\$0</u>	<u>\$1,008</u>	<u>\$23,626</u>	<u>\$22,618</u>

VILLAGE OF DUNDEE

2004 PROMISSORY NOTE (M B & T LAND DEVELOPMENT AGREEMENT)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Debt service:				
Interest	0	0	99,492	(99,492)
Excess (Deficiency) of Revenues over Expenditures	0	0	(99,492)	(99,492)
Other Financing Sources (Uses):				
Operating transfers in	0	0	99,492	99,492
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0	\$0

VILLAGE OF DUNDEE

INTERNAL SERVICE FUNDS UNEMPLOYMENT COMPENSATION

COMBINING STATEMENT OF NET ASSETS
February 28, 2005

	<u>General</u>	<u>Water and Sewage</u>	<u>Totals</u>
Assets			
Cash and money management accounts	<u>\$30,263</u>	<u>\$22,498</u>	<u>\$52,761</u>
Fund Equity			
Net Assets - unrestricted	<u>\$30,263</u>	<u>\$22,498</u>	<u>\$52,761</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**
For the Fiscal Year Ended February 28, 2005

Operating income	\$0	\$0	\$0
Operating expenses	<u>0</u>	<u>0</u>	<u>0</u>
Operating Income	0	0	0
Non-Operating Revenues (Expenses)			
Interest income	<u>366</u>	<u>271</u>	<u>637</u>
Total Non-operating Revenues (Expenses)	<u>366</u>	<u>271</u>	<u>637</u>
Net Income (Loss)	366	271	637
Net Assets - Beginning of Year	<u>29,897</u>	<u>22,227</u>	<u>52,124</u>
Net Assets - End of Year	<u>\$30,263</u>	<u>\$22,498</u>	<u>\$52,761</u>

VILLAGE OF DUNDEE**INTERNAL SERVICE FUNDS UNEMPLOYMENT COMPENSATION****COMBINING STATEMENT OF CASH FLOWS**

February 28, 2005

	<u>General</u>	<u>Water and Sewage</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Operating income	\$0	\$0	\$0
Cash Flows from Non-Capital Financing Activities:			
Transfer to General Fund	0	0	0
Cash Flows from Investing Activities:			
Interest income	<u>366</u>	<u>271</u>	<u>637</u>
Net Increase in Cash and Cash Equivalents	366	271	637
Cash and Cash Equivalents - Beginning of Year	<u>29,897</u>	<u>22,227</u>	<u>52,124</u>
Cash and Cash Equivalents - End of Year	<u><u>\$30,263</u></u>	<u><u>\$22,498</u></u>	<u><u>\$52,761</u></u>

VILLAGE OF DUNDEE

FIDUCIARY FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES

February 28, 2005

	Agency Funds			Totals
	Accounts Payable	Payroll	Tax Collection	
Assets				
Cash and money management accounts	\$1,024	\$3,467	\$21,614	\$26,105
Due from other funds	37	0	0	37
Total Assets	<u>\$1,061</u>	<u>\$3,467</u>	<u>\$21,614</u>	<u>\$26,142</u>
Liabilities				
Due to other funds	\$0	\$32	\$18,907	\$18,939
Other liabilities	1,061	3,435	2,707	7,203
Total Liabilities	<u>\$1,061</u>	<u>\$3,467</u>	<u>\$21,614</u>	<u>\$26,142</u>

VILLAGE OF DUNDEE

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For the Fiscal Year Ended February 28, 2005

ACCOUNTS PAYABLE FUND

	<u>Balance</u> <u>February 29, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>February 28, 2005</u>
Assets				
Cash and money management accounts	\$1,311	\$3,295,071	\$3,295,358	\$1,024
Due from other funds	<u>0</u>	<u>37</u>	<u>0</u>	<u>37</u>
Total Assets	<u><u>\$1,311</u></u>	<u><u>\$3,295,108</u></u>	<u><u>\$3,295,358</u></u>	<u><u>\$1,061</u></u>
Liabilities				
Due to other funds	\$0	\$0	\$0	\$0
Other liabilities	<u>1,311</u>	<u>3,295,071</u>	<u>3,295,321</u>	<u>1,061</u>
Total Liabilities	<u><u>\$1,311</u></u>	<u><u>\$3,295,071</u></u>	<u><u>\$3,295,321</u></u>	<u><u>\$1,061</u></u>

PAYROLL FUND

Assets				
Cash and money management accounts	\$3,038	\$531,748	\$531,319	\$3,467
Due from other funds	<u>0</u>	<u>923,639</u>	<u>923,639</u>	<u>0</u>
Total Assets	<u><u>\$3,038</u></u>	<u><u>\$1,455,387</u></u>	<u><u>\$1,454,958</u></u>	<u><u>\$3,467</u></u>
Liabilities				
Due to other funds	\$78	\$3,161	\$3,207	\$32
Other liabilities	<u>2,960</u>	<u>532,223</u>	<u>531,748</u>	<u>3,435</u>
Total Liabilities	<u><u>\$3,038</u></u>	<u><u>\$535,384</u></u>	<u><u>\$534,955</u></u>	<u><u>\$3,467</u></u>

TAX COLLECTION FUND

Assets				
Cash and money management accounts	\$10,776	\$2,069,113	\$2,058,275	\$21,614
Due from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u><u>\$10,776</u></u>	<u><u>\$2,069,113</u></u>	<u><u>\$2,058,275</u></u>	<u><u>\$21,614</u></u>
Liabilities				
Due to other funds	\$10,307	\$2,066,875	\$2,058,275	\$18,907
Other liabilities	<u>469</u>	<u>2,238</u>	<u>0</u>	<u>2,707</u>
Total Liabilities	<u><u>\$10,776</u></u>	<u><u>\$2,238</u></u>	<u><u>\$0</u></u>	<u><u>\$21,614</u></u>

VILLAGE OF DUNDEE**FIDUCIARY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS**
For the Fiscal Year Ended February 28, 2005
(Concluded)**TOTALS - ALL AGENCY FUNDS**

	Balance February 29, 2004	Additions	Deductions	Balance February 28, 2005
Assets				
Cash and money management accounts	\$15,125	\$5,895,932	\$5,884,952	\$26,105
Due from other funds	0	923,676	923,639	37
Total Assets	<u>\$15,125</u>	<u>\$6,819,608</u>	<u>\$6,808,591</u>	<u>\$26,142</u>
Liabilities				
Due to other funds	\$10,385	\$2,070,036	\$2,061,482	\$18,939
Other liabilities	4,740	3,829,532	3,827,069	7,203
Total Liabilities	<u>\$15,125</u>	<u>\$5,899,568</u>	<u>\$5,888,551</u>	<u>\$26,142</u>

VILLAGE OF DUNDEE

DOWNTOWN DEVELOPMENT AUTHORITY - COMPONENT UNIT

BALANCE SHEET/STATEMENT OF NET ASSETS

February 28, 2005

	Total Modified Accrual Basis	Adjustments	Statement of Net Assets
Assets			
Cash and money management account	\$337,845	\$0	\$337,845
Due from other governments	<u>232,222</u>	<u>0</u>	<u>232,222</u>
Total Assets	<u><u>\$570,067</u></u>	<u><u>\$0</u></u>	<u><u>\$570,067</u></u>
Liabilities	\$0	\$0	\$0
Fund Equity			
Unreserved	<u>570,067</u>	<u>(570,067)</u>	<u>0</u>
Total Fund Equity	<u>570,067</u>	<u>(570,067)</u>	<u>0</u>
Total Liabilities and Fund Equity	<u><u>\$570,067</u></u>		
Net Assets			
Unrestricted		<u>570,067</u>	<u>570,067</u>
Total Net Assets		<u><u>\$570,067</u></u>	<u><u>\$570,067</u></u>

VILLAGE OF DUNDEE

DOWNTOWN DEVELOPMENT AUTHORITY - COMPONENT UNIT STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/NET ASSETS For the Fiscal Year Ended February 28, 2005

	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues:			
Taxes	\$332,070	\$0	\$332,070
Interest and rentals	1,934	0	1,934
Total Revenues	334,004	0	334,004
Expenditures:			
Public works	57,257	0	57,257
Total Expenditures	57,257	0	57,257
Excess (Deficiency) of Revenues over Expenditures	276,747	0	276,747
Other Financing Sources (Uses):			
Operating transfers out	(164,381)	0	(164,381)
Total Other Financing Sources (Uses)	(164,381)	0	(164,381)
Change in Fund Balance/Net Assets	112,366	0	112,366
Fund Balance/Net Assets - Beginning of Year	457,701	0	457,701
Fund Balance/Net Assets - End of Year	\$570,067	\$0	\$570,067

VILLAGE OF DUNDEE**LOCAL DEVELOPMENT FINANCE AUTHORITY WATER PLANT - COMPONENT UNIT**
BALANCE SHEET/STATEMENT OF NET ASSETS
February 28, 2005

	Modified Accrual Basis	Adjustments	Statement of Net Assets
Assets			
Cash and money management account	\$456,412	\$0	\$456,412
Due from other governments	180,896	0	180,896
Total Assets	<u>\$637,308</u>	<u>0</u>	<u>637,308</u>
Liabilities			
Accounts payable	\$0	0	0
Fund Equity			
Unreserved	<u>637,308</u>	<u>(637,308)</u>	<u>0</u>
Total Fund Equity	<u>637,308</u>	<u>(637,308)</u>	<u>0</u>
Total Liabilities and Fund Equity	<u>\$637,308</u>		
Net Assets			
Unrestricted		<u>637,308</u>	<u>637,308</u>
Total Net Assets		<u>\$637,308</u>	<u>\$637,308</u>

VILLAGE OF DUNDEE

LOCAL DEVELOPMENT FINANCE AUTHORITY WATER PLANT - COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE/NET ASSETS
For the Fiscal Year Ended February 28, 2005

	Modified Accrual Basis	Adjustments	Statement of Activities
Revenues:			
Taxes	\$299,687	\$0	\$299,687
Interest	5,620	0	5,620
			0
Total Revenues	305,307	0	305,307
Expenditures:			
Public works	6,450	0	6,450
Total Expenditures	6,450	0	6,450
 Excess (Deficiency) of Revenues over Expenditures	 298,857	 0	 298,857
Other Financing Sources (Uses):			
Operating transfers out	(307,122)	0	(307,122)
Total Other Financing Sources (Uses)	(307,122)	0	(307,122)
 Change in Fund Balance/Net Assets	 (8,265)	 0	 (8,265)
 Fund Balances/ Net Assets - Beginning of Year	 645,573	 0	 645,573
 Fund Balances/ Net Assets - End of Year	 \$637,308	 \$0	 \$637,308

VILLAGE OF DUNDEE

LOCAL DEVELOPMENT FINANCE AUTHORITY GLOBAL ENGINE ALLIANCE - COMPONENT UNIT
COMBINING BALANCE SHEET/STATEMENT OF NET ASSETS
February 28, 2005

	Global Engine Alliance	LDFA #3 Debt	Account Group General Long-term Debt	Total Modified Accrual Basis	Adjustments	Statement of Net Assets
Assets						
Cash and money management account	\$1,812,849	\$32,223	\$0	\$1,845,072	\$0	\$1,845,072
Due from other governments	44,450	0	0	44,450	0	44,450
Due from other funds/Internal balances	0	71,095	0	71,095	(12,838)	58,257
Bond issuance costs (net of amortizations)	0	0	0	0	85,500	85,500
Capital assets (net of depreciation)	0	0	0	0	4,984,568	4,984,568
Amount available in Debt Service Fund	0	0	103,318	103,318	(103,318)	0
Amount to be provided for long-term debt	0	0	5,521,682	5,521,682	(5,521,682)	0
Total Assets	<u>\$1,857,299</u>	<u>\$103,318</u>	<u>\$5,625,000</u>	<u>\$7,585,617</u>	<u>(567,770)</u>	<u>7,017,847</u>
Liabilities						
Due to other funds	\$12,838	\$0	\$0	\$12,838	(12,838)	0
Debt with government commitment net of bond discount	0	0	5,625,000	5,625,000	(30,400)	5,594,600
Total Liabilities	12,838	0	5,625,000	5,637,838	(43,238)	5,594,600
Fund Equity						
Reserved for debt service	0	103,318	0	103,318	(103,318)	0
Unreserved	1,844,461	0	0	1,844,461	(1,844,461)	0
Total Fund Equity	<u>1,844,461</u>	<u>103,318</u>	<u>0</u>	<u>1,947,779</u>	<u>(1,947,779)</u>	<u>0</u>
Total Liabilities and Fund Equity	<u>\$1,857,299</u>	<u>\$103,318</u>	<u>\$5,625,000</u>	<u>\$7,585,617</u>		
Net Assets						
Invested in capital assets (net of related debt)					(640,432)	(640,432)
Restricted for debt service					103,318	103,318
Unrestricted					1,960,361	1,960,361
Total Net Assets					<u>\$1,423,247</u>	<u>\$1,423,247</u>

VILLAGE OF DUNDEE

**LOCAL DEVELOPMENT FINANCE AUTHORITY GLOBAL ENGINE ALLIANCE - COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE/NET ASSETS**

For the Fiscal Year Ended February 28, 2005

	Global Engine Alliance	LDFA #3 Debt	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues:					
Taxes	\$107,769	\$0	\$107,769		\$107,769
Interest	7,162	420	7,582		7,582
Other	27,746	0	27,746		27,746
Total Revenues	142,677	420	143,097	0	143,097
Expenditures:					
Public works	1,750,981	0	1,750,981	(1,750,981)	0
Debt service	0	216,483	216,483	(7,149)	209,334
Total Expenditures	1,750,981	216,483	1,967,464	(1,758,130)	209,334
Excess (Deficiency) of Revenues over Expenditures	(1,608,304)	(216,063)	(1,824,367)	1,758,130	(66,237)
Other Financing Sources (Uses):					
Bond proceeds	3,575,927	29,911	3,605,838	(3,605,838)	0
Operating transfers in	0	173,769	173,769	(173,769)	0
Operating transfers out	(173,769)	0	(173,769)	173,769	0
Total Other Financing Sources (Uses)	3,402,158	203,680	3,605,838	(3,605,838)	0
Change in Fund Balance/Net Assets	1,793,854	(12,383)	1,781,471	(1,847,708)	(66,237)
Fund Balances/ Net Assets - Beginning of Year	50,607	115,701	166,308	1,323,176	1,489,484
Fund Balances/ Net Assets - End of Year	<u>\$1,844,461</u>	<u>\$103,318</u>	<u>\$1,947,779</u>	<u>(\$524,532)</u>	<u>\$1,423,247</u>

VILLAGE OF DUNDEE

ECONOMIC DEVELOPMENT CORPORATION - COMPONENT UNIT
COMBINING BALANCE SHEET/STATEMENT OF NET ASSETS
February 28, 2005

	Economic Development	EDC Debt	Account Group General Long-term Debt	Total Modified Accrual Basis	Adjustments	Statement of Net Assets
Assets						
Cash and money management account	\$119,081	\$214,945	\$0	\$334,026	\$0	\$334,026
Due from other governments	0	130,970	0	130,970	0	130,970
Capital assets (net of depreciation)	0	0	0	0	11,504,466	11,504,466
Amount available in Debt Service Fund	0	0	345,915	345,915	(345,915)	0
Amount to be provided for long-term debt	0	0	11,989,150	11,989,150	(11,989,150)	0
Total Assets	<u>\$119,081</u>	<u>\$345,915</u>	<u>\$12,335,065</u>	<u>\$12,800,061</u>	<u>(830,599)</u>	<u>11,969,462</u>
Liabilities						
Debt with government commitment	\$0	\$0	\$12,335,065	\$12,335,065	0	12,335,065
Total Liabilities	0	0	12,335,065	12,335,065	0	12,335,065
Fund Equity						
Reserved for debt service	0	345,915	0	345,915	(345,915)	0
Unreserved	119,081	0	0	119,081	(119,081)	0
Total Fund Equity	<u>119,081</u>	<u>345,915</u>	<u>0</u>	<u>464,996</u>	<u>(464,996)</u>	<u>0</u>
Total Liabilities and Fund Equity	<u>\$119,081</u>	<u>\$345,915</u>	<u>\$12,335,065</u>	<u>\$12,800,061</u>		
Net Assets						
Invested in capital assets (net of related debt)					(830,599)	(830,599)
Restricted for debt service					345,915	345,915
Unrestricted					119,081	119,081
Total Net Assets (Deficit)					<u>(\$365,603)</u>	<u>(\$365,603)</u>

VILLAGE OF DUNDEE

**ECONOMIC DEVELOPMENT CORPORATION - COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE/NET ASSETS
For the Fiscal Year Ended February 28, 2005**

	Economic Development Corporation	2001 EDC Debt	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues:					
Taxes	\$0	\$130,969	\$130,969	\$0	\$130,969
Interest and rentals	<u>733</u>	<u>1,588</u>	<u>2,321</u>	<u>0</u>	<u>2,321</u>
Total Revenues	733	132,557	133,290	0	133,290
Expenditures:					
Public works	14,308	0	14,308	276,867	291,175
Debt service	<u>0</u>	<u>336,884</u>	<u>336,884</u>	<u>0</u>	<u>336,884</u>
Total Expenditures	<u>14,308</u>	<u>336,884</u>	<u>351,192</u>	<u>276,867</u>	<u>628,059</u>
Excess (Deficiency) of Revenues over Expenditures	(13,575)	(204,327)	(217,902)	(276,867)	(494,769)
Other Financing Sources (Uses):					
Operating transfers in	<u>0</u>	<u>208,329</u>	<u>208,329</u>	<u>0</u>	<u>208,329</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>208,329</u>	<u>208,329</u>	<u>0</u>	<u>208,329</u>
Change in Fund Balance/Net Assets	(13,575)	4,002	(9,573)	(276,867)	(286,440)
Fund Balances/ Net Assets (Deficit) - Beginning of Year	<u>132,656</u>	<u>341,913</u>	<u>474,569</u>	<u>(553,732)</u>	<u>(79,163)</u>
Fund Balances/ Net Assets (Deficit) - End of Year	<u><u>\$119,081</u></u>	<u><u>\$345,915</u></u>	<u><u>\$464,996</u></u>	<u><u>(\$830,599)</u></u>	<u><u>(\$365,603)</u></u>

VILLAGE OF DUNDEE

BROWNFIELD REDEVELOPMENT AUTHORITY- COMPONENT UNIT
BALANCE SHEET/STATEMENT OF NET ASSETS
February 28, 2005

	Modified Accrual Basis	Adjustments	Statement of Net Assets
Assets			
Cash and money management account	\$106,152	\$0	\$106,152
Due from other governments	66,996	0	66,996
Total Assets	<u>\$173,148</u>	<u>0</u>	<u>173,148</u>
Liabilities	\$0	0	0
Fund Equity			
Reserved for debt service	<u>173,148</u>	<u>(173,148)</u>	<u>0</u>
Total Fund Equity	<u>173,148</u>	<u>(173,148)</u>	<u>0</u>
Total Liabilities and Fund Equity	<u>\$173,148</u>		
Net Assets			
Restricted for debt service		<u>173,148</u>	<u>173,148</u>
Total Net Assets		<u>\$173,148</u>	<u>\$173,148</u>

VILLAGE OF DUNDEE

**BROWNFIELD REDEVELOPMENT AUTHORITY - COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE/NET ASSETS
For the Fiscal Year Ended February 28, 2005**

	Modified Accrual Basis	Adjustments	Statement of Activities
Revenues:			
Taxes	\$102,738	\$0	\$102,738
Interest and rentals	262	0	262
Total Revenues	103,000	0	103,000
Expenditures:			
Public works	21,578	0	21,578
Change in Fund Balance/Net Assets	81,422	0	81,422
Fund Balance/ Net Assets - Beginning of Year	91,726	0	91,726
Fund Balance/ Net Assets - End of Year	<u>\$173,148</u>	<u>\$0</u>	<u>\$173,148</u>

FEDERAL AWARDS

VILLAGE OF DUNDEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended February 28, 2005

Federal Grantor Pass Through Grantor Program Title Grant Number		Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue March 1, 2004
<u>Federal Community Development Block Grant</u>				
Passed through the Michigan Strategic Fund				
Global Engine Alliance Infrastructure Project 2003 - 2004	MSC 200060-EDIG	14.228	\$5,300,350	\$146,724
Global Engine Alliance Infrastructure Project 2004 - 2005 Amendment	MSC 200060-EDIG	14.228	7,500,000	0
Total Federal Financial Assistance			<u>\$12,800,350</u> *	<u>\$146,724</u>

* This grant is funded with federal and state funds. Both portions are reflected in this schedule.

<u>Prior Year Expenditures (Memo)</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Accrual Basis)</u>	<u>Accrued (Deferred) Revenue February 28, 2005</u>
\$4,180,234	\$1,120,116	\$1,266,840	\$0
0	4,397,563	3,214,979	1,182,584
<u>\$4,180,234</u>	<u>\$5,517,679</u>	<u>\$4,481,819</u>	<u>\$1,182,584</u>

VILLAGE OF DUNDEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Fiscal Year Ended February 28, 2005

1. The accompanying schedule of federal awards includes the federal grant activity of the Village of Dundee, Monroe County, Michigan and is presented in the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Nonprofit Organizations.

VILLAGE OF DUNDEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

February 28, 2005

Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the financial statements of the Village of Dundee.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of the Village of Dundee were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for Community Development Block Grant expresses an unqualified opinion.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 reported in this schedule.
7. The program tested as a major program include: Community Development Block Grant, CFDA #14-228.
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with federal expenditures less than \$300,000.
9. The Village of Dundee was determined to be a low-risk auditee.

COMMUNITY DEVELOPMENT BLOCK GRANT: MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
Findings - Financial Statements Audit:

None

Findings and Questioned Costs - Major Federal Award Programs Audit:

None



**COOLEY HEHL
WOHLGAMUTH & CARLTON**
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA

One South Monroe Street • Monroe, Michigan 48161-2281
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Village Council
Village of Dundee
Monroe County, Michigan

Report of Comments and Recommendations

Council Members:

Our audit of the financial statements of the Village of Dundee for the year ended February 28, 2005, was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry and confirmation, that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Village.

We remind you that the following comments, and where appropriate, recommendations are somewhat limited because they are not the result of a detailed systems analysis.

New Financial Statement Format (GASB 34)

As you are aware, Governmental Accounting Standards Board (GASB) Statement No. 34 was implemented for the Village for the year ended February 28, 2005. GASB 34 has dramatically changed the look and feel of the financial statements. While the financial statements retain an element of familiarity with the continued reporting of fund based information, there are several additions and changes that provide information never before presented in the Village's annual financial report. A brief summary of the changes are as follows:

- ▶ Management Discussion and Analysis (MD&A): The MD&A provides a high-level overview of the Village's financial position and results of operations, with a focus on the government-wide financial statements.
- ▶ Government-Wide Financial Statements: These additional statements adjust the normal fund-based statements into a combined, full-accrual format (similar to for-profit commercial enterprises). This allows a financial statement reader to see the Village from a longer term, economic perspective (i.e., are today's taxpayers paying for today's services?). These statements show capital assets as part of the Village's overall financial picture.
- ▶ Budget Comparison: A financial statement reader will now be able to view actual revenues and expenditures as compared to the current budget, and also as compared to the original budget.

Improper and Illegal Actions

Nothing came to our attention during the course of the audit to indicate any improper or illegal actions.

Interfund Receivable, Payable and Transfers

Interfund receivable and payable balances as of February 28, 2005 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Major Street Fund	\$ 17,194	
Local Street Fund	9,834	
Payroll Fund	32	
Tax	2,262	
Water & Sewer	27,346	
1993 S. A.	15,000	
Accounts Payable T & A Fund	37	
Special Revenue Funds:		
Municipal Highway Fund:		
Tax	4,217	
Major Street Fund:		
General Fund		\$ 17,194
Local Street Fund:		
General Fund		9,834
Building Fund:		
Water/Sewer		15,150
Component Units:		
LDFA #3 Debt:		
Water/Sewer	58,257	
Industrial Park/Equipment Purchase Fund:		
2004 S.A.	10,000	
Agency Funds:		
Taxes:		
General Fund		2,262
1993 S.A.		2,275
Municipal Highway Fund		4,217
Water/Sewer		2,859
1999 S.A.		7,294
Payroll Fund:		
General Fund		32
Accounts Payable T & A Fund:		
General Fund		37
Debt Fund:		
1993 S.A. Debt:		
Tax Fund	2,275	
General Fund		15,000
1999 S. A. Debt:		
Tax Fund	7,294	
2004 S. A. Debt:		
Industrial Park/Equipment Purchase		10,000
Water/Sewer:		
Building Fund	15,150	
Tax	2,859	
General Fund		27,346
LDFA #3 Debt		58,257
	<u>\$171,757</u>	<u>\$171,757</u>

Excess of Expenditures over Appropriations

During the year ended February 28, 2005, the Village incurred the following instance of expenditures in excess of the amounts appropriated.

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
Industrial Park/Equipment Purchase Fund	\$5,912,976	\$6,449,951	\$536,975
Parks and Recreation Fund	9,300	9,336	36
Historical Commission	60,775	71,187	10,412
Building Department	91,603	323,661	232,058

We continue to recommend that actual vs. budget be monitored each month in order to avoid expenditures in excess of appropriations. The budgets should be amended by the Council, when necessary.

Cash Flow Analysis

In recent years, because of the proliferation of construction projects and other improvements which have been financed by a mixture of bond issues, grants and installment purchase agreements, Village finances have become extremely complex. As of February 28, 2005, the Village had twenty bond issues, one bank note and five installment purchase agreements and the loan from Cabelas.

Repayment of the Village's outstanding indebtedness which was \$36,087,405 as of February 28, 2005, is scheduled from various sources, such as special assessments, water and sewer department resources, LDFA captured taxes, debt millage and general Village revenues. These sources must adhere to various legal restrictions.

We recommend that the Village prepare a projected cash flow analysis for its fiscal year ended February 28, 2006 and that it continue to monitor cash flows on a monthly basis.

It has been a pleasure to serve you and we appreciate the cooperation we received during the audit. We are available to meet with you at any time to answer any questions concerning this letter or the 2004-2005 audit report.

Very truly yours,

Cooley Helt
Wohlgenuth + Carlton

May 10, 2005